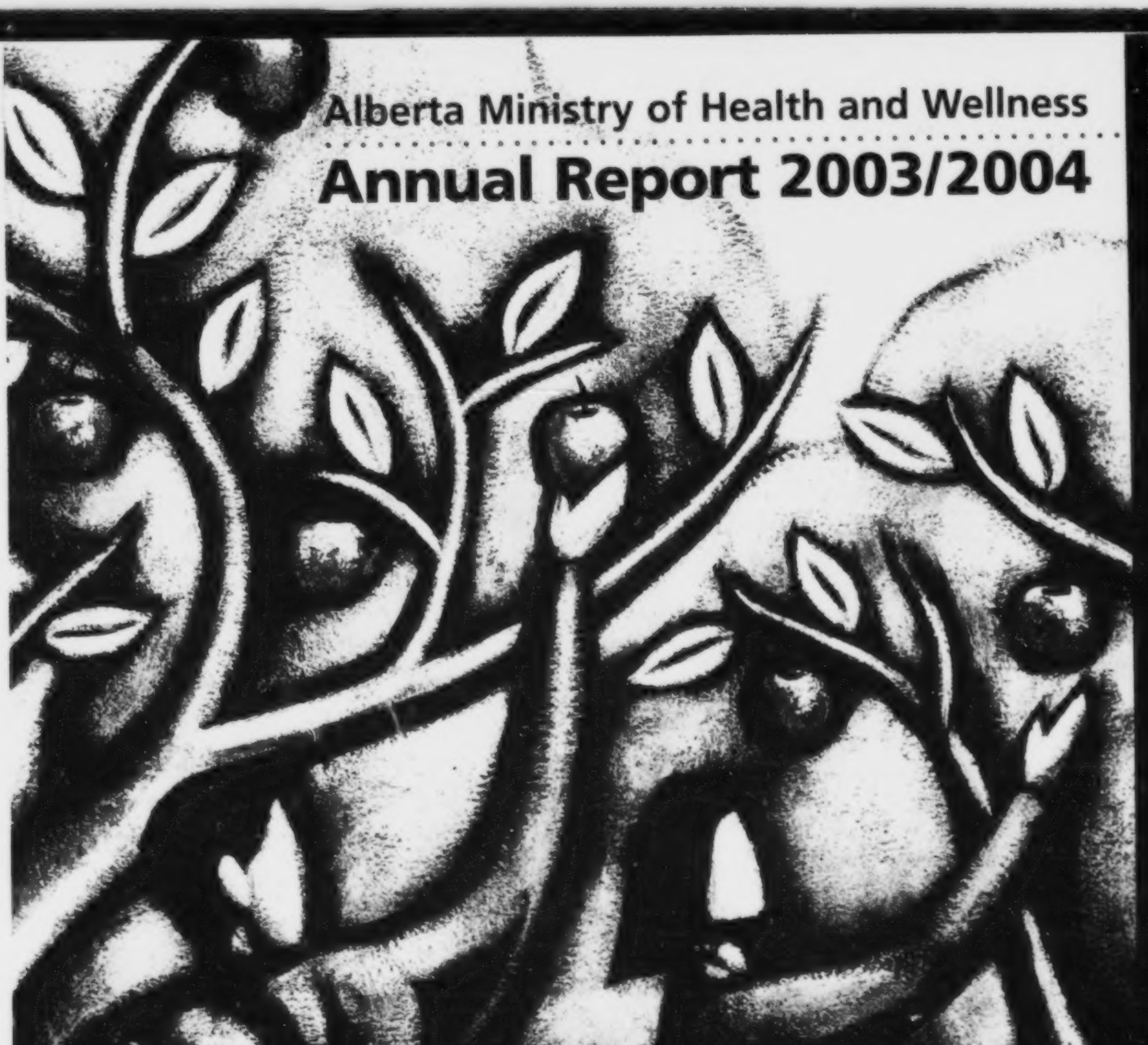
Alberta Ministry of Health and Wellness

Annual Report 2003/2004

HIGHLIGHTS



HEALTHY

Alberta

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Building a better public health care system

This year the ministry focused on ways to help Albertans stay healthy by pursuing its core businesses and the specific goals of the 2003/2004 Business Plan. The following are highlights of the ministry's achievements within each goal.

GOAL 1: Accessible, effective, quality health services are delivered to Albertans who need them

Mental health services transferred to health regions

Responsibility for mental health services was transferred from the Alberta Mental Health Board to the regional health authorities without disruption to patient care. The board, health regions and a number of organizations worked together to develop a provincial plan for mental health services.

Alberta Wait List Registry

Launched October 2003, the wait list registry shows physicians and patients wait time information for selected surgeries and procedures available across the province. The registry includes information on MRIs, CT scans, radiation and chemotherapy treatments, hip and knee replacements, cataract removal and cardiac surgery.

More online health information

Two new websites were launched to help Albertans access reliable health information and locate health services in their own health regions. *Your Health* provides an online library of health topics developed by Alberta clinical experts; *InformAlberta* is a database of health and community services to help Albertans find health services in their own health regions and communities.

The two website services are an online complement to Health Link Alberta, the 24-hour health advice and information telephone line that was expanded province-wide in June 2003.

Reduced waiting times

The average waiting time for urgent open-heart surgery is one week and approximately six weeks for less urgent cases, a reduced wait time from previous years. The average wait for accommodation in long-term care facilities has also decreased compared to past years.

GOAL 2: Health and wellness of Albertans is supported through health protection and promotion, and disease and injury prevention

Fight the Bite campaign combats West Nile virus

A province-wide information program was launched May 2003 to help Albertans reduce their risk of getting West Nile virus. The *Fight the Bite* campaign included television and radio ads and printed information sent to Alberta households, seniors and long-term care residences, elementary schools and provincial parks. A surveillance program was established to detect the virus in mosquitoes, birds, horses and humans.

Assistance for Albertans with diabetes

A 10-year strategy was announced May 2003 to reduce the rate of diabetes and help people with diabetes better manage their health. The strategy helps low-income Albertans to buy supplies they need to manage their diabetes. It also includes an education campaign to help prevent type 2 diabetes and a program to screen Aboriginal people living off-reserve for diabetes.

Smoking rates on the decline

Statistics Canada 2003 Canadian Community Health Survey results show 77 per cent of Albertans do not smoke. The rate is five per cent above previous levels and above the target level set in the past. Launched March 2002, the tobacco reduction strategy has included prevention and education programs, legislation to prevent youth from smoking and help for smokers who want to quit.

Provincial response to SARS

When cases of Sudden Acute Respiratory Syndrome (SARS) were diagnosed in Canada in March 2003, Alberta adapted its pandemic influenza plan to respond to potential cases of SARS in the province. The plan included action to slow the spread of disease, minimize serious illness, prevent death and maintain essential community services.

Healthy U program

The *Healthy U* program introduced a summer and workplace program to encourage Albertans to eat healthy and be physically active.

The *Healthy U* crew, two teams of young students, traveled to summer festivals and rodeos to spread a fun message on the benefits of healthy living.

The *Healthy U* @ work program to encourage healthy eating and physical activity in Alberta workplaces was developed and made available to Alberta employers.

Mammography rates up

Nearly 75 per cent of Alberta women, age 50 - 69, received mammography screening for breast cancer.

GOAL 3: Integrated, sustainable and accountable system for health is supported and promoted

Electronic Health Record leading the way in patient safety

In October 2003, Alberta launched a province-wide information system that allows physicians, pharmacists and other providers to access pertinent patient information, including prescription history, allergies and laboratory test results.

The Electronic Health Record improves the quality and safety of patient care by reducing the incidence of medical error and giving health professionals complete and accurate information on an individual's health condition.

Screening infants for disorders

Alberta's Internet-based Newborn Metabolic Screening technology received an award of excellence from the Canadian Information Productivity Award program. The technology allows faster and more accurate identification of infants who need treatment or additional screening for three inherited disorders.

New council on health

The Health Quality Council of Alberta replaced the Health Services Utilization and Outcomes Commission in February 2004 to report directly to Albertans on the quality and performance of health services. The council will identify best practices and review and monitor health care quality, including access, cost effectiveness, efficiency and patient safety.

The council conducted its first annual province-wide survey in 2003 to measure overall public satisfaction with the health care system and how Albertans rate quality, access and patient safety.

First-time tri-lateral agreement for physician services, primary health care

In November 2003, physicians, health regions and government negotiated a first-time, eight-year agreement for physician and primary

105-02415/

health care services. The agreement includes strategies for compensation for physician services and key initiatives like primary care, physician on-call programs and the automation of paper-based physician offices.

New payment agreements to expand health services

New alternative relationship plans were established between physicians, regional health authorities and the Alberta Medical Association to offer a range of primary care services and programs to expand access to mental health care, services for the elderly and specialist care.

New health region structure

The number of regional health authorities in Alberta was reduced from 17 to nine to provide more effective and efficient health services to Albertans.

GOAL 4: The ministry's effectiveness is optimized

Health Sustainability Initiative

Alberta Health and Wellness led a cross-ministry initiative to create a healthier population and reduce the rate of health expenditures. Work this year included developing 10-year objectives to reduce disease rates and injuries, improving access to programs for low-income people, developing strategies to contain the cost of pharmaceuticals and expanding home care and assisted living options for seniors.

Business resumption plan

The ministry completed a business resumption plan to ensure Albertans will continue to receive services in the event normal business operations are disrupted.

Canadian Patient Safety Institute

Federal, provincial and territorial health ministers implemented the recommendations of the National Steering Committee on Patient Safety. As a result, the Canadian Patient Safety Institute was established in Edmonton, Alberta.

Ministry financial results

For 2003/2004, patient care and access to services remained a priority for the government. As well, government focused on implementation of reforms that would ensure patients' needs continued to be met. During this period, the ministry expended $7.4 billion.

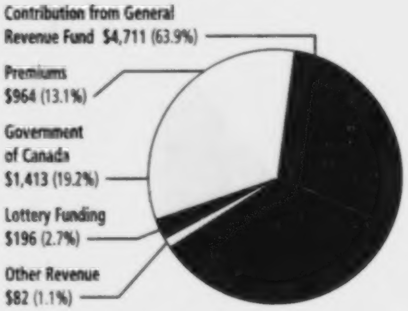
The $7.4 billion expense is an increase of $529.6 million (7.7 per cent) over 2002/2003.

The increased spending reflects:

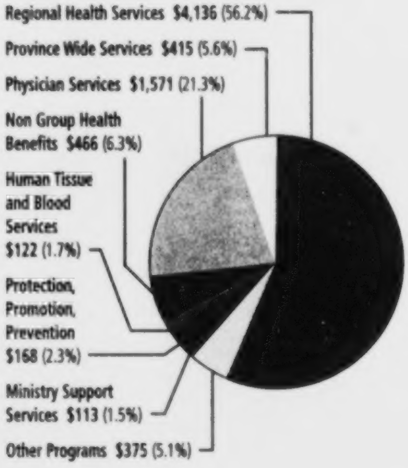
- support for the delivery of acute, continuing care, mental health and cancer services to Albertans, as well as critical health services such as heart surgeries and kidney dialysis. - **$289.2 million** This also includes **$49.6 million** of new funding to support the purchase of medical and diagnostic equipment.
- a new agreement between the Alberta Medical Association, the regional health authorities and the department, as well as new agreements with the Alberta Association of Optometrists, the Alberta Podiatry Association and the College of Chiropractors of Alberta. - **$134.3 million**
- continued demand for non-group drug benefits, primarily by seniors, as well as the addition of new drug products to the Drug Benefit List. - **$53 million**
- initiatives to support health reform and renewal, such as 24-hour telephone information services (Health Link Alberta), development of alternate funding plans for paediatric specialists, and the implementation of an electronic health record allowing health care providers to access patient information on line. - **$29 million**
- programs that promote health and prevent disease - **$30.6 million**, including the Alberta Diabetes Strategy and a mosquito-spraying program to be implemented in Spring 2004.
- reduction from completing the Pharmacy Information Network and adjusting health premium write-offs. - **($6.5 million)**

The audited financial statements are included in Section I of the Ministry Annual Report.

Sources of Funding ($ in Millions)



How Funding Was Spent ($ in Millions)



Total - $7,366 Million

Operating Results

For the 2003/2004 fiscal year, the nine regional health authorities, the Alberta Mental Health Board and the Alberta Cancer Board reported a total operating deficit of $140 million, up from a deficit of $72 million in 2002/2003. Of the 11 health authorities, 10 reported a deficit.

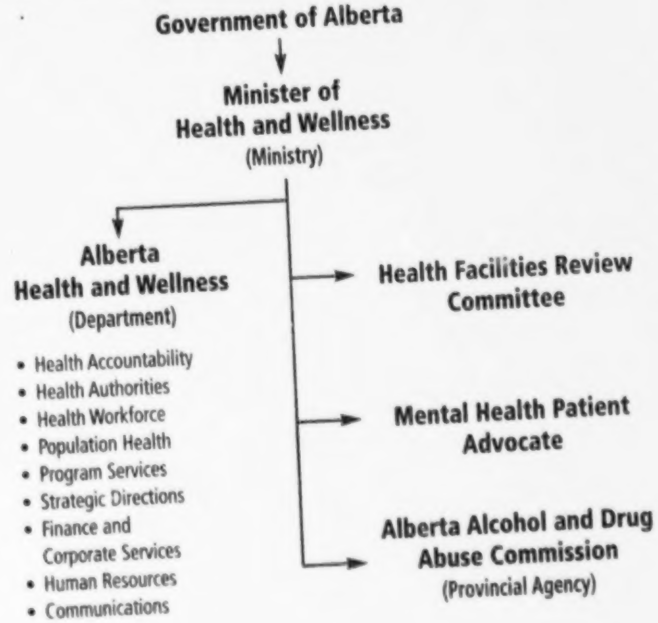
Total 2003/2004 expense was $5.7 billion, compared to $5.3 billion in the prior year - a seven per cent increase, of which four per cent related to salaries.

Total administration costs in 2003/2004 were $187 million ($186 million in 2003) or 3.3 per cent of health authority expenditures (3.5 per cent in 2003).

Copies of the health authorities' audited financial statements are included in Section II of the Ministry Annual Report.

Ministry of Health and Wellness Organization

(April 1, 2003 to March 31, 2004)


Government of Alberta
Minister of Health and Wellness
(Ministry)
Alberta Health and Wellness
(Department)
Health Accountability
Health Authorities
Health Workforce
Population Health
Program Services
Strategic Directions
Finance and Corporate Services
Human Resources
Communications
Health Facilities Review Committee
Mental Health Patient Advocate
Alberta Alcohol and Drug Abuse Commission
(Provincial Agency)

Ministry and Commission Contacts

Minister of Health and Wellness
Gary G. Mar, Q.C.
M.L.A., Calgary-Nose Creek
427-3665

Deputy Minister
Dr. Roger Palmer
422-0747

Health Facilities Review Committee
Chair - Bob Maskell
M.L.A., Edmonton-Meadowlark
427-4924

Mental Health Patient Advocate
Jay McPhail
422-1812

Alberta Alcohol and Drug Abuse Commission
Chair - Marlene Graham
M.L.A, Calgary-Lougheed
422-0351

Alberta Health and Wellness
10025 – Jasper Avenue
Edmonton, Alberta T5J 2N3
(780) 427-7164
www.health.gov.ab.ca

Alberta Ministry of Health and Wellness

Annual Report 2003/2004

SECTION I

HEALTHY U

www.healthyalberta.com

Alberta

For further information

For additional copies of this document or Section II, or further information about Alberta Health and Wellness, contact:

Alberta Health and Wellness
Communications
22nd floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
Phone: (780) 427-7164
Fax: (780) 427-1171
E-mail: ahinform@gov.ab.ca

You can find this document on Alberta Health and Wellness' Internet website - www.health.gov.ab.ca

For research or technical inquiries on the performance measures and statistical data in the "Results Analysis" section, contact:

Alberta Health and Wellness
Standards and Measures
22nd floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
Phone: (780) 427-0407
Fax: (780) 427-2880

For research or technical inquiries on the "Financial Information" section, contact:

Alberta Health and Wellness
Financial Planning and Reporting
(for Ministry and Health Authorities' financial statements)
16th floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
Phone: (780) 427-8093
Fax: (780) 427-1643

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SECTION II

Section II of this report is published under a separate cover. It provides the financial statements of the regional health authorities and provincial health boards. To obtain financial statements of individual regional health authorities and provincial health boards, please consult the contact list on page 13.

Public Accounts
2003/2004

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

The annual report of the Government of Alberta released June 29, 2004 contains the Minister of Finance's accountability statement, the consolidated financial statements of the province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the ministry of Alberta Health and Wellness contains the minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. The ministry annual report also includes:

- **the financial statements of entities making up the ministry, including the provincial agencies for which the minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and the *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent the ministry has anything to report.**

Financial information relating to regional health authorities and provincial health boards is also included in this annual report as supplementary information. Section II of this report provides financial statements of the regional health authorities and provincial health boards, where available, which are accountable to the minister of Health and Wellness.

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2004, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 13, 2004 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Gary G. Mar

Gary G. Mar, Q.C.
Minister of Health and Wellness
September 13, 2004

Message from the Minister

Innovation defined and redefined health care in Alberta in 2003/2004. Programs, policies and the system's very structure changed as the province continued to implement the 2002 recommendations of the Premier's Advisory Council on Health. The result is a system better able to meet the needs of Albertans in the year past, and in the years ahead.

The year started with a new map of Alberta's health regions. Nine new regions replaced the former 17 regions for greater efficiency and more effective service delivery. The new regions took on the added responsibility of delivering mental health services, to better integrate those services into community care.

The boundaries of our relationships changed as well. For the first time in Canada, physicians, health regions and a provincial government share leadership for medical service delivery. Together, the parties will automate physicians' offices, ensure specialist and rural on-call services, and expand 24-hour, seven-day access to routine and non-emergency health services (primary care).

Primary care received an independent boost, with 10 new initiatives launched throughout the province in 2003/2004. Programs range from diabetes management in northern Alberta, to helping family physicians provide treatment for mental illnesses, to improved access to specialists for cardiac and lung patients, adult epilepsy and Hepatitis C.

In health care, as in other areas of endeavour, innovation and technology are inseparable. Telephone health information went province-wide. Health Link Alberta responded to more than 800,000 calls last year. A provincial online registry allows patients and their physicians to see wait lists for surgeries and procedures across Alberta. The new $1.2 million Telehealth Clinical Services Grant Fund gave people across the province better remote access to more services like stroke screening, heart monitoring, pediatric follow-up and telemental health.

The jewel in Alberta's health technology crown is the first provincial electronic health record in Canada. It gives physicians, pharmacists, hospitals, home care and other providers secure online access to a patient's prescription history, allergies and laboratory tests. More than 5,000 health care providers have enrolled in the electronic health record system since it was launched October 2003. Drumheller became the first community in Canada wholly connected to an electronic health record.

Innovation also inspired new strategies to protect public health. For the first time, the province has set targets to cut the rates for chronic diseases, substance abuse and preventable injuries over the next 10 years.

Health authorities endorsed the targets and are incorporating them into their business plans.

To help achieve those targets, a new Diabetes Strategy helps low-income Albertans buy supplies to manage their disease and works with Aboriginal communities to screen for diabetes.

Alberta honoured the memory and crusade of cancer victim Barb Tarbox, with anti-tobacco educational materials for school children in the first year after her death. Alberta's popular Healthy U campaign expanded into the workplace with Healthy U @ work. To further protect Albertans, we drew on international experience and our own research to fight the threats of West Nile virus and Sudden Acute Respiratory Syndrome (SARS).

With the achievements of the past year, our health system is strong and looking ahead to familiar and new challenges. One such challenge is patient safety; a 2003 survey found three out of 10 Albertans are concerned about this issue. The new Health Quality Council of Alberta will monitor Alberta's health care system, recommend improvements and report directly to Albertans on the quality and performance of health services.

With a first commitment to quality health care in the future, my department looks forward to another year of improvements to our health system for all Albertans.

Gary G. Mar

Gary G. Mar, Q.C.
Minister of Health and Wellness
MLA Calgary Nose Creek

Management's Responsibility for Reporting

The Ministry of Health and Wellness includes the Department of Health and Wellness and the Alberta Alcohol and Drug Abuse Commission.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Health and Wellness. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

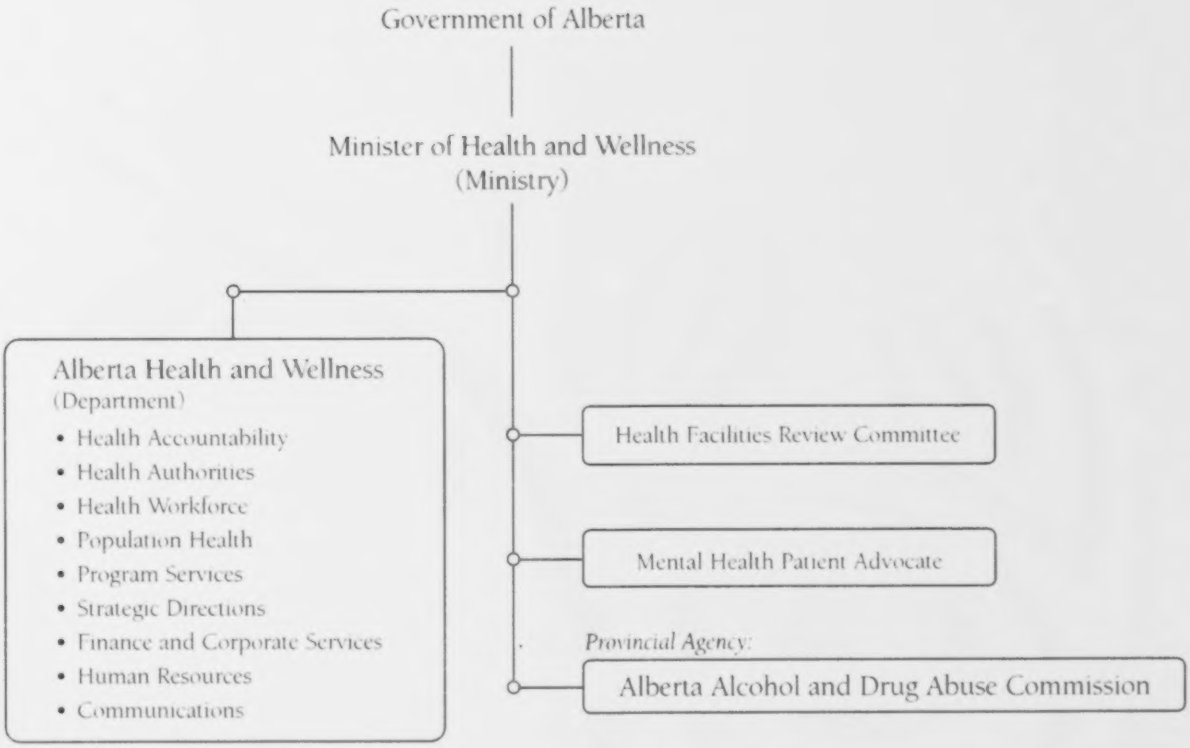
- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Health and Wellness any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Dr. Roger Palmer
Deputy Minister
Alberta Health and Wellness
September 13, 2004

OVERVIEW

Ministry of
Health and Wellness Organization
(April 1, 2003 to March 31, 2004)


Government of Alberta
Minister of Health and Wellness
(Ministry)
Alberta Health and Wellness
(Department)
• Health Accountability
• Health Authorities
• Health Workforce
• Population Health
• Program Services
• Strategic Directions
• Finance and Corporate Services
• Human Resources
• Communications
Health Facilities Review Committee
Mental Health Patient Advocate
Provincial Agency:
Alberta Alcohol and Drug Abuse Commission

Ministry Contacts

Minister of Health and Wellness,
GARY G. MAR

Telephone: (780) 427-3665
Fax: (780) 415-0961

Responsible for ensuring health services in the province are properly conducted in the public interest. Ultimately responsible for the overall quality of health services in Alberta and for reporting to the legislature on the health of Albertans.

Deputy Minister of Health and Wellness,
ROGER PALMER

Telephone: (780) 422-0747
Fax: (780) 427-1016

Assists and supports the Minister of Health and Wellness in discharging his responsibilities and duties. Responsible for administrative management of the ministry including human resource management and Alberta Wellnet.

Health Accountability Assistant Deputy Minister and Chief Information Officer,
TODD HERRON

Telephone: (780) 427-5280
Fax: (780) 422-5176

Leads and supports health system accountability and continuous improvement through developing and refining performance expectations, evaluating and reporting on performance, managing information and technology resources and promoting knowledge-based decision making. Through Alberta Wellnet, promotes the use of technology to improve quality of care, access to health services, health promotion and health system management.

Health Authorities Assistant Deputy Minister,
WAYNE MCKENDRICK

Telephone: (780) 415-8913
Fax: (780) 644-5186

Maintains liaison and facilitates effective working relationships between the ministry and the province's health authorities.

Health Workforce Assistant Deputy Minister,
RICHARD BUTLER

Telephone: (780) 427-1310
Fax: (780) 415-8455

With regional health authorities, physicians, professional associations and other partners, promotes innovative approaches and strategies to achieve a balanced workforce to meet Alberta's health needs in a fiscally sustainable manner. Responsible for contracts and physician compensation, health workforce planning, health professions, telehealth and the office of the provincial medical care consultant.

Population Health Assistant Deputy Minister,
ART McINTYRE

Telephone: (780) 427-8596
Fax: (780) 422-3671

Provides leadership in disease control and prevention, wellness strategy development and health surveillance. Facilitates co-ordinated approaches to improving public health and medical care through public health policy development. Develops policies and strategies for publicly funded drug programs.

Program Services Assistant Deputy Minister,
JANET SKINNER

Telephone: (780) 415-1599
Fax: (780) 422-3674

Provides program services and information for Albertans and providers on insured health care services. Administers the *Alberta Health Care Insurance Act*, provides registration and benefit processing, and manages Alberta Aids to Daily Living Program and Emergency Health Services. The division is also responsible for developing a process to improve decision making on public funding of new services/technologies.

Strategic Directions Assistant Deputy Minister,
ANNETTE TRIMBEE

Telephone: (780) 427-7038
Fax: (780) 415-0570

Co-ordinates environmental scanning to identify, track and address strategic issues. Leads preparation of the ministry business plan and other planning documents to report department activities and strategic goals. Works with federal/provincial/territorial health departments on current and emerging intergovernmental issues and develops health system policy and strategies to assure Albertans achieve optimal health and wellness.

Finance and Corporate Services Assistant Deputy Minister,
BRUCE PERRY

Telephone: (780) 427-0885
Fax: (780) 422-3672

Provides leadership on internal and external funding allocations, financial accountability and fiscal planning and governance to sustain the public health system. Conducts analytical studies and works with the Auditor General on fiscal reporting matters. Manages Alberta Health and Wellness financial resources and advises on legal and legislative issues and capital planning.

Communications Director,
CAROL CHAWRUN

Telephone: (780) 427-7164
Fax: (780) 427-1171

Provides strategic communications counsel and support to help the department, minister and government communicate with the health system and Albertans on health issues. Initiates information programs and public education campaigns and provides services that include media relations, correspondence support and liaising with department staff and other partners.

Health Facilities Review Committee, Chair,
BOB MASKELL, MLA EDMONTON-MEADOWLARK

Telephone: (780) 427-4924
Fax: (780) 427-0806

Monitors the quality of care, treatment and standards of accommodation provided to patients and residents of hospitals and continuing care centres.

Mental Health Patient Advocate,*
JAY MCPHAIL

Telephone: (780) 422-1812
Fax: (780) 422-0695

Investigates complaints about mental health patients' rights, certification concerns and care and treatment issues. The advocate has the authority to investigate facilities that admit formal patients (those patients involuntarily detained under the *Mental Health Act*) or are required to inform patients and their families and legal guardians of their rights under the *Mental Health Act*.

Alberta Alcohol and Drug Abuse Commission,
Chief Executive Officer,
MURRAY FINNERTY

Telephone: (780) 427-2837
Fax: (780) 423-1419

Funds and operates a province-wide system of programs and services to address the harms associated with alcohol, other drug and gambling problems, and conducts related research. The core businesses of Information, Prevention and Treatment provide the framework for a comprehensive range of service options including: information, prevention, early intervention, community-based counseling, day programs, detoxification and residential treatment.

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* As of April 1, 2004, the Mental Health Patient Advocate comes under the Mental Health Board.

Health Authorities
Contact List

Regional Health Authorities and Provincial Health Boards Contacts

For further information regarding the regional health authorities or provincial health boards, please contact:

2003/2004 Health Authorities	Region	Contact Phone Number
Chinook Regional Health Authority	R1	(403) 388-6009
Palliser Health Region	R2	(403) 528-5633
Calgary Health Region	R3	(403) 943-1111
David Thompson Regional Health Authority	R4	(403) 341-8622
East Central Health	R5	(780) 608-8820
Capital Health	R6	(780) 407-1000
Aspen Regional Health Authority	R7	(780) 349-8705
Peace Country Health	R8	(780) 538-5387
Northern Lights Health Region	R9	(780) 791-6161
Alberta Mental Health Board		(780) 422-2233
Alberta Cancer Board		(780) 412-6300

Vision, Mission and Core Businesses

VISION

The Government of Alberta's vision for Alberta is:

> *A vibrant and prosperous province where Albertans enjoy a superior quality of life and are confident about the future for themselves and their children.*

That vision is supported by Alberta Health and Wellness' vision:

> *Citizens of a healthy Alberta achieve optimal health and wellness.*

The expression "Healthy Albertans in a healthy Alberta" reflects this vision.

A healthy population is critical for the province's social, economic and cultural development. Health and wellness depend on access to quality health services and factors such as education, employment, income and the environment. The Government of Alberta works to create an environment that allows Albertans to be as well and healthy as possible and enjoy a high quality of life. Alberta Health and Wellness contributes by ensuring Albertans have equitable access to effective and appropriate health and wellness services when needed.

Achieving the vision for health and wellness begins with individual Albertans taking responsibility for their own health. The Ministry of Health and Wellness and other departments and levels of government, health authorities and health service providers, in both the public and private sectors, all need to be involved.

MISSION AND CORE BUSINESSES

The mission of the ministry is:

> *To maintain and improve the health and wellness of Albertans by leading and working collaboratively with citizens and stakeholders.*

The ministry fulfills this mission through its two core businesses:

1. **Lead and support a system for the delivery of quality health services.**
2. **Encourage and support healthy living.**

Highlights for 2003/2004

Individual Albertans are at the centre of Alberta's complex health system. In 2003/2004, the ministry improved the way the health system supports the efforts of Albertans to be well and healthy by actively pursuing its core businesses and the specific goals of the 2003/2004 Business Plan. The following are highlights of the ministry's achievements in relation to each goal.

Goal 1: Accessible, effective, quality health services are delivered to Albertans who need them.

- Responsibility and funding for mental health services were transferred from the Alberta Mental Health Board (AMHB) to regional health authorities (RHAs). Continuity of patient care was maintained at all times. A provincial mental health plan was developed through collaborative effort of the AMHB, RHAs and key stakeholders to guide the implementation of services.
- Patients and their physicians gained access to information on wait times for hip and knee replacements, cataract removal, cardiac surgery, and MRI and CT scans through the launch of the Alberta Waitlist Registry.
- Two new websites were launched to help Albertans access reliable health information and locate health services in their own health regions. Health Link Alberta includes an online library of health topics developed by Alberta clinical experts. Inform Alberta is a database of health and community services to aid Albertans in finding health services in their community.
- For the first time since 1994, accommodation charges in continuing care facilities were increased to keep pace with the true cost of room and board. These fees remain below the fees charged by the majority of Canadian provinces.
- There were large reductions in wait times for open heart surgery, and fewer Albertans are waiting for accommodation in long-term care facilities in 2003/2004, compared with past years (See Measure 1.A).

Goal 2: Health and wellness of Albertans is supported through health protection and promotion, and disease and injury prevention.

- The ministry responded to the emergence of West Nile virus with a "Fight the Bite" public information campaign and an integrated surveillance program (humans, mosquitoes, birds and horses).
- The Alberta Diabetes Strategy was released in May 2003. As part of the strategy, the enhanced Alberta Monitoring for Health Program was implemented in November 2003.
  - This program provides financial assistance for diabetic monitoring supplies to low-income Albertans with no private insurance. As a result, 40,000 Albertans with diabetes are now eligible for assistance.
  - The program provides funding to help low-income Albertans monitor blood sugar levels to avoid more serious diabetic complications.

- A Mobile Diabetes Screening Initiative was implemented for Aboriginal people living off reserve. Residents of five Métis settlements were screened.
- A contingency plan for a potential influenza pandemic was completed. The plan aims to slow the spread of disease, minimize serious illness or death and maintain essential community services. Alberta's health officials used the pandemic influenza plan as a template for our provincial SARS response.
- The Healthy U @ work program, initiated by Alberta Health and Wellness, was rolled out throughout Alberta. A planning guide was developed and made available to employers interested in initiating their own employee health program.
- More women received mammography screening for breast cancer in 2003 than in past years, and Alberta results are near targeted levels (See Measure 2.C).

Goal 3: Integrated, sustainable and accountable system for health is supported and promoted.

- Alberta became the first province in Canada to implement an electronic health record, allowing health care providers such as physicians, pharmacists, and hospitals to access pertinent patient information online, including prescription information, allergies and laboratory test results. The electronic health record improves the quality and safety of patient care by reducing the incidence of medical error. It enhances accuracy and clarity of medical records and gives health professionals a common understanding of an individual's health condition.
- Alberta's internet-based Newborn Metabolic Screening technology received an award of excellence from the Canadian Information Productivity Award program. The technology allows faster and more accurate identification of infants who need treatment or additional screening for three inherited disorders.
- The Health Quality Council of Alberta was established to replace the Health Services Utilization and Outcomes Commission. It will report directly to Albertans on the quality and performance of health services, identify best practices and review and monitor access, cost effectiveness, efficiency and patient safety.
- An eight-year tri-lateral agreement involving the Alberta Medical Association, regional health authorities and Alberta Health and Wellness was reached. The agreement includes four strategic physician agreements that achieve a critical alignment of all partners on compensation for physician services and on key initiatives such as primary care, physician on-call programs and the automation of paper-based physician offices.
- The number of regional health authorities in Alberta was reduced from 17 to nine with a corresponding realignment of regional boundaries. The enlarged regions have and will continue to provide greater opportunities for improving efficiency and effectiveness.

Goal 4: The Ministry's effectiveness is optimized.

- Leadership for the cross ministry Health Sustainability Initiative (HSI) was provided by the ministry. The HSI focused its efforts on four areas of activity in 2003/2004.
  1. *Staying healthier*, resulted in the "Framework for a Healthy Alberta" which is a strategic direction for action by health partners on health promotion and injury and disease prevention. The framework

includes 10-year objectives and targets developed collaboratively by Alberta Health and Wellness, Alberta Finance and Alberta Seniors. It is being used by regional health authorities to develop targets and strategies.

2. *Shifting health services from facility-based to community-based settings*, resulted in a series of initiatives aimed at strengthening home care and supportive living as alternatives to facility-based care.
3. *Health and access issues for low-income Albertans*, identified co-ordinated efforts towards improving access through primary health care initiatives and targeted programs for low-income Albertans.
4. *Containing the cost of pharmaceuticals*, resulted in agreement among key stakeholders on the need to work collaboratively at the national level and with the pharmaceutical industry on utilization and cost containment initiatives.

- A business resumption plan for the ministry was completed in accordance with government standards. The plan is intended to assist the ministry in responding to any major disruption in operations, thereby ensuring services to Albertans will continue without interruption.
- In order to strengthen evidence-based decision making in the acquisition and deployment of new technologies, Alberta led the development of the Pan-Canadian Health Technology Assessment strategy.
- Federal/provincial/territorial health ministers implemented the recommendations of the National Steering Committee on Patient Safety. As a result, the Canadian Patient Safety Institute was established in Edmonton, Alberta.
- Other government ministries report being very satisfied with the work done by Alberta Health and Wellness on cross-government initiatives, exceeding our business plan target (See Measure 4.C).

FINANCIAL RESULTS

For 2003/2004, patient care and access to services remained a priority for government. As well, government focused on implementation of reforms that would ensure patients' needs continue to be met. During this period, the ministry expended $7.4 billion.

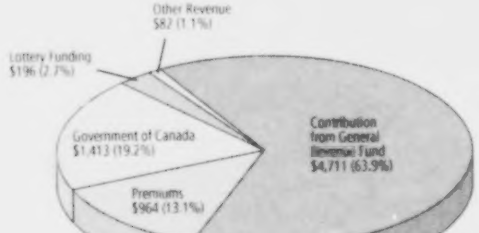
The $7.4 billion expense is an increase of $529.6 million (7.7 per cent) over 2002/2003.

Increased spending reflects:

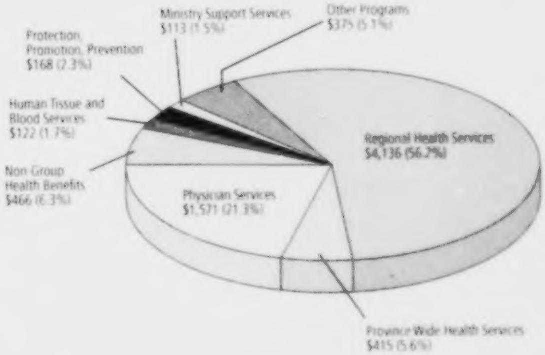
- Support for delivery of acute, continuing care, mental health and cancer services to Albertans as well as continued access to critical health services such as heart surgeries and kidney dialysis — $289.2 million. This also includes $49.6 million of new funding to support the purchase of medical/diagnostic equipment.
- The impact of a new tri-lateral agreement between the Alberta Medical Association, regional health authorities and the department, as well as new agreements with the Alberta Association of Optometrists, the Alberta Podiatry Association and the College of Chiropractors of Alberta — $134.3 million.

- Continued demand for non-group drug benefits, primarily by seniors as well as the addition of new drug products to the Drug Benefit List — $ 53 million.
- Continued work on initiatives to support health reform and renewal such as a 24-hour telephone information services (Health Link Alberta), and the implementation of an electronic health record allowing health care providers to access patient information online — $29.0 million.
- Continued support of activities and programs that protect, promote health and prevent disease — $30.6 million, including funding to support the Alberta Diabetes Strategy and a mosquito spraying program to be implemented in Spring 2004.
- Completion of various initiatives — ($2.9 million)
- Decrease in health care insurance premium write offs — ($3.6 million).

Source of Funding ($ in Millions)



How Funding was Spent ($ in Millions)



Total $7,366 Million

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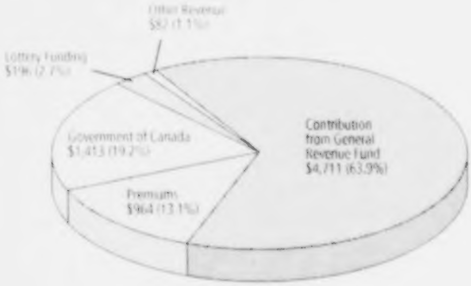
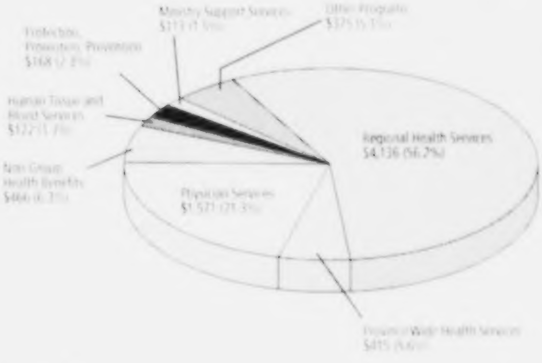


How Funding was Spent ($ in Millions)



Total $7,366 Million

Communication with Albertans

Alberta Health and Wellness made Albertans aware of new diseases, communicated progress on health reform and department initiatives and consulted with Albertans on health services.

Activities included:

West Nile virus and SARS

The province launched a public information program to educate Albertans about how to reduce their risk of being infected with West Nile virus.

The Alberta Provincial Health Officer worked with Alberta Medical Officers of Health to monitor suspected cases of Severe Acute Respiratory Syndrome (SARS) and provided information to Albertans. The Alberta response plan for pandemic influenza was the model for the provincial response to SARS.

Influenza immunization

Albertans were informed that the annual influenza immunization program expanded to provide free immunization to anyone living with individuals at high risk for influenza.

Healthy U campaign

Since January 2003, Healthy U encouraged Albertans to include healthy eating and regular physical activity in their lives. Healthy U included TV and radio ads, an informative website and a Healthy U crew team that travelled to summer events to promote healthy eating and physical activity.

Other health reform achievements

Communications support and public promotion were provided to report on a range of achievements including:

- Mental health services provided by regional health authorities
- A provincial online Waitlist Registry
- The first provincial electronic health record in Canada
- First eight-year tri-lateral agreement for physician services and primary care
- An Alberta Tobacco Reduction Strategy featuring a public awareness program, legislation to prevent youth from smoking and a Smoker's Help Line
- A diabetes strategy to help low-income people purchase supplies and screen Aboriginal communities for diabetes.

Review committees

Alberta Health and Wellness provided counsel and support to a range of health reform review teams. The department provided strategic communications counsel to the minister in responding to the following committee reports and recommendations:

- The Health Reform Implementation Team: produced two reports monitoring progress on health reform. The final team report January 2004 documented health reform progress that occurred since the Premier's Advisory Council on Health report was accepted by government January 2002.

- The Expert Advisory Panel on Publicly Funded Health Services produced two reports on categories for publicly funded health services and proposed changes to allied health services.
- The Health Quality Council of Alberta replaced the Health Services Utilization and Outcomes Commission in February 2004 to report directly to Albertans on quality and performance of health services.

Cross-ministry initiatives

Alberta Health and Wellness collaborated with other government departments and various stakeholders in the following:

- Health Sustainability Initiative
- Framework for a Healthy Alberta
- Diabetes Strategy
- Early Childhood Development Initiative
- Alberta Tobacco Reduction Strategy
- Aboriginal Policy Framework
- Healthy Aging Framework.

Health Link Alberta and health information websites

Health Link Alberta, a 24-hour telephone health information line was expanded province-wide in June 2003. Two websites to help Albertans find reliable health information and health services in their communities were launched February 2004.

Public inquiries

The Customer Services and Registration Branch responded to 1,131,166 telephone calls, answered 1,235,567 written inquiries and served 111,313 walk-in clients.

The department responded to approximately 6,900 Ministerial action requests.

Media relations

Alberta Health and Wellness produced 75 news releases on topics like health reform, immunization programs, public health warnings, health funding and program changes.

Auditor General's Report

AUDITOR
GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Key Performance Measures

To the Members of the Legislative Assembly

In connection with the Ministry of Health and Wellness' key performance measures included in the *2003-2004 Annual Report of the Ministry of Health and Wellness,* I have:

1. Agreed information from an external organization to reports from the organization.
2. Agreed information from reports that originated from organizations included in the consolidated financial statements of the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets, and information presented in prior years.
5. Checked that the key performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2003.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit and therefore I express no opinion on the key performance measures included in the *2003-2004 Annual Report of the Ministry of Health and Wellness.*

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
August 25, 2004

Core Businesses

Alberta Health and Wellness has two core businesses:

1. **Lead and support a system for the delivery of quality health services.**

   A system of quality health services is in place to meet the needs of Albertans who are medically fragile, injured or ill or who need diagnosis, treatment or support. While health authorities, agencies and individual practitioners are responsible for delivering those services, the ministry establishes direction, policy and provincial standards. Key ministry roles are to set priorities based on health needs, determine the financial, capital and human resources required, and measure and report on the system's performance. For 2003/2004, the ministry spent $7.053 billion on this core business, of which approximately $4.4 billion was provided to the health authorities directly responsible for the provision of health services to Albertans.

2. **Encourage and support healthy living.**

   A primary focus of the health system is to support and encourage the health and wellness of Albertans. Health authorities and provincial agencies provide health promotion and protection programs and disease and injury prevention programs. These address risks to health where knowledge or early intervention can make a difference and help Albertans make informed decisions about their health.

   Because many factors have an impact on health, the ministry is also engaged in cross-ministry initiatives to effectively address challenges to the health and wellness of the population. In 2003/2004, $313 million was spent on this core business.

The core businesses are directed towards four goals:

GOAL 1

Accessible, effective, quality health services are delivered to Albertans who need them.

GOAL 2

The optimal health and wellness of Albertans is supported through health protection and promotion, and disease and injury prevention.

GOAL 3

An integrated, sustainable and accountable system for health is supported and promoted.

GOAL 4

The ministry's effectiveness is optimized.

The following four sections provide information about actions, key achievements, performance indicators and results for each goal in 2003/2004.

Goal 1

Accessible, effective, quality health services are delivered to Albertans who need them

Health authorities and individual practitioners have primary responsibility for service delivery. Continuous improvement and innovation ensure services are as effective, efficient and appropriate as possible.

THE MINISTRY

- Worked closely with health authorities, agencies and other stakeholders to improve accessibility and foster the optimal use of health professionals;
- Worked with health authorities to ensure appropriate investment and management of provincial resources through review and approval of business and capital plans;
- Administered the Alberta Health Care Insurance Plan and the payment system for health practitioners, Aids to Daily Living Program, ambulance operators and other services; and
- Collaborated with regional health authorities (RHAs) in determining a more equitable distribution of funding across health regions. Collaboration was achieved primarily through the Funding Methodology Working Group. Most of the $4 billion RHA global funding is allocated on a population basis. Allocation improvements included assigning people represented by the public trustee to their actual region of residency, and incorporation of community lab data into the funding allocation model.

WHAT WE DID

Implement government directions emerging from follow-up on the Premier's Advisory Council on Health report

- Responsibility and funding for mental health services were transferred from the Alberta Mental Health Board (AMHB) to regional health authorities (RHAs). Continuity of patient care was maintained at all times. A provincial mental health plan was developed through the collaborative effort of the AMHB, RHAs and key stakeholders to guide the implementation of services.
- A new tri-lateral agreement was established between the Alberta Medical Association, the regional health authorities and Alberta Health and Wellness. Under this new master agreement, committees were established to address issues pertaining to physician services, including on-call services and primary care.
- The design of the Health Workforce Information Network from the Alberta Health and Wellness perspective was completed. Consultations to incorporate health authority needs is the next step.

Identify appropriate wait times for selected services and implement the posting of wait times, centralized booking, electronic health records and other measures to provide Albertans with access to services when and where they are needed

- A web-based Alberta Waitlist Registry was developed. The website provides information on waitlists for selected surgical procedures, and MRI and CT scans for hospitals and providers. Information is available to public at: *www.health.gov.ab.ca.*

- New agreements were reached with the Alberta Association of Optometrists, the Alberta Podiatry Association and the College of Chiropractors of Alberta to ensure Albertans have continued access to their professional services.
- A new agreement was reached with the Alberta Dental Association and College. The agreement provides funding for on-call oral surgery services in the Capital and Calgary health regions.
- A total of 172 new drug products were added to the Drug Benefit List. More than 3,600 drugs are now on the list.

Implement new models of care with an emphasis on primary health care

The continuing challenge of health system renewal requires the development and implementation of new models of care and service delivery. The following illustrate the progress being made.

- Two new websites were launched to help Albertans access reliable health information and locate health services in their own health regions. Health Link Alberta (*www.healthlinkalberta.ca*) includes an online library of health topics developed by Alberta clinical experts. Inform Alberta (*www.informalberta.ca*) is a database of health and community services to aid Albertans in finding health services in their community.
- Ten primary health care capacity-building initiatives were funded to support development and implementation of primary health care models.
- Funding was provided to the Alberta Association of Optometrists and the Alberta Podiatry Association to explore ways to increase their involvement in primary care delivery.
- Alternate Relationship Plans (ARPs) were established in co-operation with physicians, regional health authorities and the Alberta Medical Association. These new partnerships enhance access to services for patients who have not been adequately served under the traditional fee-for-service funding model.
  - Shared Mental Health Care ARP — involves 54 family and specialist physicians working with other health care providers to streamline care for people with mental illness.
  - Health First Strathcona ARP — involves 18 physicians providing after-hours access to primary care.
  - Alexandra Seniors Community Health Centre ARP — involves six physicians providing care for inner-city seniors.
  - Comprehensive Home Option of Integrated Care for the Elderly — involves five physicians providing medical and support services to the very frail elderly.
  - The Northeast Community Health Centre Family Medicine Service Program — involves four physicians offering primary health care for the at-risk and under-serviced population.
  - Severe Headache Disorder Program — involves three physicians working with patients experiencing eight to 15 headaches a month. The program helps them reduce headache occurrence, manage pain and stress, and rely less on drugs and emergency room visits.

- The pilot phase of the Taber ARP was concluded. This project has resulted in enhanced service delivery and access, and the use of a multidisciplinary team.

Enable Albertans to "age in place" with improved access to appropriate care through the continuing care reform process

The economic viability of Alberta's continuing care system was enhanced through increases to accommodation charges. The increases bring the standard accommodation fees closer to the true cost of room and board. However, these fees remain below the daily maximum in the majority of provinces. Responsibility for housing services in these facilities was transferred to Alberta Seniors since that ministry is responsible for a broad range of housing programs.

Key Performance Measures and Results

MEASURE 1.A

Wait lists and/or waiting times for joint replacement, heart surgery, cancer therapy, MRI, and long-term care

Wait times for health services are one measure of how well the health system is providing access to needed health services. Patients whose need is very urgent will receive immediate service, while patients with less urgent needs will be placed on waiting lists. In recent years, the ministry has developed a process for the quarterly reporting of the number of persons waiting and/or the length of time spent waiting, to address access to selected health services. The positive results for 2003/2004 show the benefits of this approach. In the past year wait times have become shorter for heart surgery, and fewer people are waiting for placement in a continuing care facility.

In response to recommendations from the Premier's Advisory Council on Health (January 2002), new information systems were developed to support detailed website reporting of wait lists and wait times. Since October 2003, Albertans have been able to access wait times for publicly funded surgeries and procedures via the Internet.

The Alberta Waitlist Registry shows physicians and patients accurate and current wait times for MRIs, CT scans, radiation and chemotherapy treatments, hip or knee replacements, cataract removal and cardiac surgery. The ministry is working with health service providers and the regional health authorities to develop and implement specific guidelines for access to selected health services. The work includes wait time standards, guidelines for determining urgency and the development of management processes to ensure Albertans have timely access to these services.

HIP AND KNEE REPLACEMENT SURGERY

The number of persons waiting for hip or knee replacement surgery increased during the past two years. However, the average waiting time has not changed and remains above target levels. The ministry is working with health service providers and the health authorities to develop and implement specific guidelines for access to these surgeries.

Hip and Knee Replacement Surgery

	2002/2003				2003/2004				Target
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2004/2005
Total number waiting at quarter's end	2,583	2,753	3,032	2,810	2,880	3,195	3,677	3,745	
Average wait time in months*	4.7	5.0	4.9	4.7	4.6	4.5	4.9	5.0	**4 months**

Source: Alberta Health and Wellness. Data provided by regional health authorities.

*Chinook results not included due to incomplete reporting. Results for 2002/2003 have been restated.

ADULT OPEN HEART SURGERY

The number of persons waiting for heart surgery decreased significantly during the past year. Waiting times for in-patients urgently needing heart surgery are at, or close to, the one week target. Wait times for planned out-patient cases are approaching the six week target. Heart surgeries are provided to Albertans in the Calgary and Capital health regions. Changes in management of care for heart disease, including new methods of treatment, were implemented to reduce the wait list and wait times for heart surgery. Some of these changes mean that some patients who would have received heart surgery in the past are now being treated successfully by other means (e.g., angioplasty). The result is that persons in need of heart surgery now face shorter wait times. The ministry is working with health service providers and the health authorities to develop and implement specific guidelines for access to heart surgery.

Adult Open Heart Surgery

		2002/2003				2003/2004				Target
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2004/2005
Total number waiting at quarter's end		572	573	579	455	376	314	268	258	
Median wait times in weeks										
Urgent inpatient	Calgary	1.1	1.0	1.0	0.9	0.9	0.9	0.7	0.7	**1 week**
	Capital	1.7	1.4	1.9	1.4	1.6	1.1	1.0	1.0	**1 week**
Urgent outpatient	Calgary	17.3	17.9	18.6	17.9	8.2	8.8	6.1	6.6	**2 weeks**
	Capital	21.0	23.1	23.0	21.0	19.4	13.3	8.2	7.6	**2 weeks**
Planned outpatient	Calgary	19.9	18.3	17.0	18.0	7.6	6.1	4.3	3.3	**6 weeks**
	Capital	26.9	22.7	23.1	22.1	22.9	15.6	10.7	10.0	**6 weeks**

Source: Alberta Health and Wellness. Data provided by regional health authorities.

Note: Angioplasty waiting time results are not reported since they are only available from the Capital Health Authority.

Cancer Radiation Therapy: Average Wait Time in Weeks

During the past two years, average waiting times for radiation therapy for breast or prostate cancer remained above the four week target time. The ministry is working with the Alberta Cancer Board to develop and implement specific guidelines for access to these treatments.

Cancer Radiation Therapy: Average Wait Time in Weeks

		2002/2003				2003/2004				Target
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2004/2005
Breast cancer	Cross Cancer	10.5	10.5	10.0	11.5	15.5	11.0	11.0	8.0	**4 weeks**
	Tom Baker	12.5	9.0	7.0	8.0	6.0	5.0	5.5	7.0	**4 weeks**
Prostate cancer	Cross Cancer	14.0	17.0	12.0	6.5	9.0	14.0	12.5	20.0	**4 weeks**
	Tom Baker	8.0	5.5	6.0	7.5	7.0	7.0	6.0	5.5	**4 weeks**

Source: Alberta Health and Wellness. Data are provided by the Alberta Cancer Board.

Magnetic Resonance Imaging

The number of persons waiting for Magnetic Resonance Imaging (MRI) procedures increased somewhat during 2003/2004, though the rate of increase slowed. The ministry is working with health service providers and the health authorities to develop and implement specific guidelines for access to these diagnostic services.

Number of MRIs Performed and Persons Waiting

	2002/2003				2003/2004				Target
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2004/2005
MRI scans performed	19,867	19,002	19,937	20,095	19,038	19,095	18,278	21,113	
Persons waiting	12,104	13,422	15,718	16,149	18,575	17,907	20,781	19,765	**Decreasing**

Source: Alberta Health and Wellness. Data provided by regional health authorities.

LONG-TERM CARE FACILITY ADMISSION: NUMBER OF PERSONS WAITING

The number of persons waiting for continuing care placements started to decline compared with levels reported in 2002/2003. These results coincide with the implementation of new continuing care models, such as supportive living, which enable more Albertans to find living arrangements suited to their need for care.

Continuing Care Facility Admission: Number of Persons Waiting

	2002/2003				2003/2004				Target
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2003/2004
In acute care hospital	436	435	387	340	363	412	295	267	**Decreasing**
Urgent in community	454	440	488	457	504	442	406	339	**Decreasing**

Source: Alberta Health and Wellness. Data provided by regional health authorities.

MEASURE 1.B

Ratings of ease of access to hospital physician services and hospital services

Access to publicly funded health services is a fundamental principle of the health care system. Health services are made available to all Albertans through the public health system. The ministry's goal is to achieve reasonable access for all. Albertans' ratings for ease of access to physician and hospital services remain at or near target levels. Since 2001, there was very little change in results for either of these measures.

Ratings of Ease of Access to Services

	2001	2002	2003	2004	Target 2004
Ease of access to physician services (percentage responding easy or very easy)	86	84	86	85	**85**
Ease of access to hospital services (percentage responding easy or very easy)	71	73	72	73	**75**

Source: Alberta Health and Wellness Survey, 2001 – 2004.
Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 72 per cent and 81 per cent in recent years. Results for "physician access" are accurate within two per cent 19 times out of 20; results for "hospital access" are accurate within three per cent 19 times out of 20. Adult Albertans are asked: "How easy or difficult was it for you to obtain this service from your physician? Would you say it is: very easy, easy, a bit difficult, or very difficult?" and "How easy or difficult was it for you to get this hospital service when you needed it? Would you say it is: very easy, easy, a bit difficult, or very difficult?" The measure is the percentage of people who respond "easy" or "very easy."
Note: Measures of ease of access to physician services and ease of access to hospitals are new key measures in the 2003-2006 Ministry business plan.

MEASURE 1.C

Ratings of quality of care received: (a) overall, and (b) in hospital

The goal of the ministry is to ensure the provision of high quality health services. These key measures reflect Albertans' views about the quality of services they received, based on their experiences with the health system. Albertans continue to report they receive high quality health services. The results for 2004 are not significantly different from those reported since 2000. Funding ensures the appropriate levels of health professionals, staff, equipment, medications and supplies. Through legislation, such as the *Health Professions Act* and the *Hospitals Act*, the Ministry ensures health professionals practise in accordance with appropriate standards and health facilities are managed appropriately.

Ratings of Quality of Care Received

Measure	2000	2001	2002	2003	2004	Target 2004
Quality of Care Personally Received (percentage responding good or excellent)	86	86	86	85	86	**90**
Quality of Care Received in Hospital (percentage responding good or excellent)	83	80	81	83	81	**85**

Source: Alberta Health and Wellness Survey; 2000 – 2004.

Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 72 per cent and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20. For "quality of care received in hospital" (approximate sample = 1,200) the results are accurate within three per cent 19 times out of 20.

Adult Albertans who report that they have obtained health services during the past 12 months (approximate sample of 3,000 each year) are asked: "Overall, how would you rate the quality of care you personally have received in the past 12 months? Would you say it was: excellent, good, fair or poor?" The measure is the percentage of people responding "excellent" or "good." Respondents who report having received health services at a hospital within the past 12 months are asked: "How would you rate the quality of care you most recently received at the hospital? Would you say it was: excellent, good, fair or poor?" The measure is the percentage of people responding "excellent" or "good."

MEASURE 1.D

Patient satisfaction with the way service was provided

It is important to Albertans that health services are provided with respect for the dignity of each person. For example, health service providers should be friendly, be good listeners, answer questions and perform their duties in an efficient and professional manner. Generally, Albertans are very satisfied with the way health services are provided. Satisfied patients often mentioned that service was "efficient and timely" or that it was "professional and friendly." Less than seven per cent were dissatisfied. These patients frequently noted "the provider did a poor job," "it took too long to get the service" or the service was "rushed."

Patient Satisfaction

Measure	2001	2002	2003	2004	Target 2004
Percentage satisfied with the way services were provided (percentage responding "very" or "somewhat" satisfied)	88	86	87	89	**90**

Source: Alberta Health and Wellness Survey, 2001 – 2004.

Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 72 per cent and 81 per cent in recent years. Results for the entire sample are accurate within two per cent, 19 times out of 20.

Adult Albertans who report they have obtained health services during the past 12 months (approximate sample of 3,000 each year) are asked about the service most recently received: "How satisfied were you with the way the service was provided to you? Were you: very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, or very dissatisfied?" The measure is the per cent responding "very satisfied" or "somewhat satisfied."

Goal 2

The optimal health and wellness of Albertans is supported through health protection and promotion, and disease and injury prevention

The health status of an individual or community is affected by the interaction of many factors. They include genetic endowment, early childhood development, education, environmental conditions, employment opportunities and lifestyle choices. The health system supports efforts by Albertans to be healthy and well by providing promotion, protection and prevention services and accurate and timely health information.

WHAT WE DID

Provide a supportive environment which enables Albertans to stay healthy and to make appropriate and responsible use of health services

- The *Framework for a Healthy Alberta* was implemented. The framework sets out health objectives and targets in key areas of health. The framework provides strategic direction for action by health partners on health promotion and injury and disease prevention. Regional health authorities use the framework to develop their own targets and strategies.
- Overall, there are now 44,000 fewer smokers in Alberta. Results of Statistics Canada's 2002 Canadian Community Health Survey show that 77 per cent of Albertans do not smoke. That is five per cent above previous levels and above the target level set in past business plans. Some of the biggest declines in daily smoking were among teenagers and young adults, the result of a number of provincial campaigns in recent years, including the enactment of the *Prevention of Youth Tobacco Use Act*, intended to prevent young people from starting to use tobacco, along with the largest single tobacco tax increase in Canadian history.
- The Healthy U website, which is the primary source of information for the Healthy U initiative, was redesigned. It includes weekly healthy eating and physical activity tips, an increased number of links to sources of information on nutrition and active living, recipes, contests and more.
- The Healthy U crew, a group of healthy young Albertans, traveled throughout Alberta motivating thousands of Albertans to get active and eat healthy. The crew handed out prizes and valuable information at numerous special events.
- The Healthy U @ work program, initiated by Alberta Health and Wellness, was rolled out throughout Alberta. A planning guide was developed and made available to employers interested in initiating their own employee health program.

Protect Albertans from diseases transmitted in air, water, food and physical environments through interventions supported by education, environmental monitoring, regulations and enforcement measures

- The *Environmental Health Field Manual for Private, Public and Communal Drinking Water Systems in Alberta* was revised to include information on blue-green algae in drinking water and enhanced response protocols.

- Alberta Health and Wellness' new Food and Food Establishment Regulation is an outcome-based regulation that focuses regulatory requirements on key food safety requirements pertinent to all food retail establishments. The regulation introduced improvements to how permit fees are applied by providing exemptions to charitable organizations and more clearly defined fee amounts that are based upon the degree of potential food safety risk.
- A procedures guide was developed for use by regional health authorities to monitor specified risk materials for Bovine Spongiform Encephalopathy (BSE).

Protect Albertans against communicable diseases through disease control and prevention measures, including immunization

Rates of Various Communicable Diseases in Alberta (1000,000)

Communicable Disease	1996	1997	1998	1999	2000	2001	2002	2003
AIDS*	2.8	1.9	0.8	1.4	1.7	1.3	^1.0	**0.9
E.coli 0157	5.8	6.8	9.0	6.6	10.8	9.5	8.5	6.0
Gonorrhea	17.2	14.6	18.5	18.3	19.8	27.0	31.8	**32.0
Invasive meningococcal	0.2	0.1	0.2	0.1	2.6	2.0	0.8	0.5
Measles	0.3	8.8	0.04	0.6	4.1	0.2	0.1	0.0
Pertussis	41.2	27.6	26.3	28.2	15.5	11.0	9.7	10.9
Tuberculosis	5.1	5.9	5.5	5.1	4.5	3.8	4.1	3.5

Source: Alberta Health and Wellness; Notifiable Diseases, HIV / AIDS and TB databases. Rates (per 100,000) are based on mid-year population from the Alberta Health Registry files.

*AIDS rates are based on year of report. All other counts are for calendar year of occurrence.

^ Revised.

** Preliminary data

Reduce the incidence and burden of disease and injury through education, information and targeted interventions

- A contingency plan for a potential influenza pandemic was completed. The plan was used as a template for the provincial response to SARS.
- Alberta's immunization program was enhanced with the expansion of the pertussis and Hepatitis A vaccine programs, and increased coverage for influenza vaccine.
- The Alberta Diabetes Strategy was released in May 2003. As part of the strategy, the enhanced Alberta Monitoring for Health Program was implemented in November 2003.
    - The program provides financial assistance for diabetes monitoring supplies to low-income Albertans with no private insurance. As a result, 40,000 Albertans with diabetes are now eligible for assistance.
    - The program provides funding to help low-income Albertans monitor their blood sugar levels to avoid more serious diabetic complications.
- A Mobile Diabetes Screening Initiative was implemented for Aboriginal people living off reserve. Residents of five Métis settlements were screened.
- A new Alberta Cervical Cancer Screening Program was initiated in the Calgary area in October 2003 for prevention and early detection.
- The first Alberta demonstration site was established for chronic disease prevention under the World Health Organization Countrywide Integrated Noncommunicable Disease Intervention program (CINDI).
- A West Nile virus response plan was developed to help reduce the health risk to Albertans. It included a public awareness campaign, website information and surveillance program to improve detection of the disease.

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Key Performance Measures and Results

MEASURE 2.A

Self-reported health status

Self-reported health status is a good indicator of the health and well being of Albertans. It is accepted nationally and internationally as a means of reporting on population health. How people rate their own health is affected by a variety of factors, including chronic disease, disability, temporary illness and mental health.

Self-reported health status was slightly lower in 2004 compared to the previous year, and it is slightly below the targeted levels for 2004. The self-reported health status of Albertans has been at or near the target values for most of the last five years. The ministry promotes behaviours that will help Albertans maintain and improve their own health through collaborative initiatives and programs such as Healthy U.

Self-Reported Health Status

	2000	2001	2002	2003	2004	Target 2004
Age 18 – 64 (percentage reporting excellent, very good, or good health)	90	89	88	90	88	**90**
Age 65+ (percentage reporting excellent, very good, or good health)	79	72	78	80	78	**80**

Source: Alberta Health Survey, 2000 – 2004 (annual)
Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 72 per cent and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.
Adult Albertans are asked: "In general, compared with other people your age, would you say your health is: excellent, very good, good, fair, or poor." Sample size for the 18 – 64 age group is about 3,450, and estimates for this sample are accurate within about two per cent 19 times out of 20. Sample size for the age 65+ group is about 550, and these estimates are accurate within about four per cent 19 times out of 20.

MEASURE 2.B

Mortality rates for injury and suicide

Injuries, including suicide, are a major cause of death in Alberta. Alberta's injury and suicide mortality rates are among the highest in Canada. Injury mortality rates in 2002 were similar to rates reported for the past several years and have changed little since 1998.

Mortality Rates: Injury and Suicide per 100,000 Population

		1998	1999	2000	2001	2002	Target 2004
Injury & suicide	Males	75	67	67	70	69	
	Females	29	29	30	30	28	
	All Albertans	52	48	48	50	49	**45**
Suicide	Males	23	24	20	24	22	
	Females	6	6	7	7	6	
	All Albertans	14	15	14	16	14	**13**

Source: Alberta Health and Wellness; calculated from Vital Statistics (April 2003) and the Alberta Health Registration File (mid-year population estimates).
Source: The measure is derived from information on causes of death from Alberta Vital Statistics, and population information from the Alberta Health and Wellness Registration File. The rates do not include Albertans who died in other provinces. Rates are age standardized to the 1996 Canadian Census population.

MEASURE 2.C

Breast cancer-screening rates

Appropriate screening can have a significant impact on early detection and prevention of death due to breast cancer. Breast cancer screening rates have increased steadily since 1997 and are near the 75 per cent target. The steady improvement is due to the joint efforts of the Alberta Cancer Board and regional health authorities in delivering the Screen Test Program and raising awareness of the importance of these cancer screening tests.

Per cent of Women Screened by Mammography

	1994/ 1995	1996/ 1997	1998/ 1999	2000/ 2001	2002/ 2003	Target 2003/2004
Mammography, last 2 years (percentage of women age 50 – 69)	71	63*	69	71	74	**75**

Source: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999); Canadian Community Health Survey (CCHS) (2000/2001, 2002/2003); Statistics Canada
The NPHS, conducted every two years by Statistics Canada. Approximately 1,200 Albertans are interviewed, either by telephone or in person. The measure is the per cent of women aged 50-69 years who report having a mammogram for breast cancer screening in the past two years. Estimates for this measure are based on a smaller sub-sample of the NPHS, and may be accurate within eight per cent 19 times out of 20. The CCHS includes a much larger sample of Albertans (14,000), and the estimate for this measure from the CCHS is accurate to within four per cent 19 times out of 20. [**Note:** The NPHS is a longitudinal survey, interviewing the same persons every two years; trends should be interpreted with caution.]

Note: Screening results are based on self-report.

*Result restated for consistency with 2002/2003 methods.

MEASURE 2.D

Childhood immunization rates

A high rate of immunization for a population can help ensure the incidence of childhood diseases remains low and outbreaks are controlled. Immunization coverage rates for Alberta remain steady, but below target. Additional efforts are required in remote areas of the province and with specific groups of residents to ensure children receive appropriate immunization for adequate health protection.

Childhood Immunization Rates

Percentage immunized at age 2	1998	1999	2000	2001	2002	Target 2005
Diphtheria, tetanus, pertussis, polio, Hib (4 doses)	77	79	79	78	76	**88***
Measles, mumps, rubella (1 dose)	86	89	90	87	87	**98**

Source: Alberta Health and Wellness, Disease Control and Prevention, CAIT Report 2413. Data provided by regional health authorities.

The measure is the number of children aged two years who have received the required immunization, divided by the total population two years of age. Population at age two is estimated from Alberta Health and Wellness mid-year registration files. Data on reported immunizations is compiled from data provided by Health Canada, which has responsibility for Aboriginal children on reserves, and by regional health authorities. Results in 2002 do not include data from First Nations on reserves; however this does not significantly affect these results.

Note: Data on Pneumococcal and meningococcal immunization is not available for 2002. This key performance measure is under development.

*The actual target is 98%, consistent with the national target for immunization coverage.

MEASURE 2.E

Annual Influenza vaccine for seniors

The annual influenza virus affects the lives of many Albertans, but the effects can be particularly severe among older persons, especially those with chronic health conditions. Annual vaccination is recommended as an effective means to reduce the impact of influenza on Albertans and on the health system. Additional efforts are required to increase the percentage of seniors who received the influenza vaccine.

Influenza Vaccination Rates for Seniors

	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	Target 2004/2005
Percentage of Albertans aged 65 and older, who have received influenza vaccine	67	67	66	68	**75**

Source: Alberta Health and Wellness, Disease Control and Prevention. Data provided by regional health authorities.

Goal 3

An integrated, sustainable and accountable system for health is supported and promoted

The health system is diverse and complex. Due to our province-wide mandate and infrastructures the ministry must work with regional health authorities and other partners to ensure that appropriate communication, accountability and information systems are in place.

WHAT WE DID

Seek sustainability for health through the integrated application of strategies focusing on expenditures, revenues, expectations and evidence-based innovation

- In collaboration with health regions, equitable funding allocations for regional health services were established. The funding formula was fine-tuned to account for changes in health region boundaries.
- The number of regional health authorities in Alberta was reduced from 17 to nine with a corresponding realignment of regional boundaries. The enlarged regions have and will continue to provide greater opportunities for improving efficiency and effectiveness.

Develop and implement an integrated information system to support and improve clinical and management decision-making and support research

- Alberta's web-based Newborn Metabolic Screening technology received an award of excellence from the Canadian Information Productivity Award program. Through a simple blood test all newborns are tested for three inherited disorders, which if not treated, will lead to health concerns and disabilities. The technology provides timely information to the health regions to identify children who need treatment.
- Alberta was the first province in Canada to implement an electronic health record. The Alberta Electronic Health Record (EHR) allows authorized health care providers to access patient information online. Other authorized personnel may access the Alberta EHR information for planning and administrative purposes in accordance with the *Health Information Act*.

Alberta
Electronic
Health Record

- Work was completed to ensure the safety and security of personal health information for the Alberta EHR including security standards and security self-assessment tools for physician offices, and conducting threat risk assessments for all health regions.
- The Alberta Provider Directory was launched. The directory provides comprehensive information on physicians, midwives and acupuncturists. It allows authentication of health providers who can access the Alberta EHR and provides information for workforce planning.
- Twenty clinical telehealth projects were funded through the Clinical Services Grant Fund to improve rural access to health services and rural caregiver communication with specialists.

Improve Albertans' knowledge of the health system through meaningful engagement, effective communication and access to relevant and understandable information

- Albertans were informed about the health system and its services through media announcements, a continually updated website, timely response to public inquiries and the extended province-wide Health Link Alberta telephone information service.

Collaborate with the Health Services Utilization and Outcomes Commission, and ensure health services utilization outcomes are assessed and report annually to Albertans

- The Health Services Utilization and Outcomes Commission mandate was expanded and the commission was renamed the Health Quality Council of Alberta to reflect its new role. The council reports directly to Albertans on the quality and performance of health services, identifies best practices and monitors access, effectiveness, efficiency and patient safety.
- The Province Wide Services Annual Report on Activities and Outcomes was published. The report informs Albertans about activity and results from the approximately $400 million expenditure on these specialized health services.

Collaborate with the Alberta Alcohol and Drug Abuse Commission to ensure addiction information, prevention and treatment services are available to Albertans on a province-wide basis

Achievements are reported in the Alberta Alcohol and Drug Abuse Commission section of this report.

Build the skills and numbers of health professionals

- The *Health Professions Act* and related legislation were implemented with respect to optometrists, social workers and licensed practical nurses.
- More foreign-trained professionals obtained Canadian credentials through the Enhancing Clinical Capacity Project Fund and the Alberta International Medical Graduate Program.
- New and expanded education opportunities were provided for Aboriginal medical students, nurse practitioners and post-graduate medical education.
- Improved training for health care aides was provided through the Health Care Aide Provincial Prototype Curriculum Project, which was completed in collaboration with Alberta Learning, post-secondary institutions and employers.

Key Performance Measures and Results

MEASURE 3.A

Public self-rated knowledge of health services available

The ratings of public knowledge of available health services remains below target, and has not changed significantly from previous results. The ministry, health authorities and health professionals are responsible for informing Albertans about health services. Continuing effort is needed to keep Albertans informed about the services available to them.

Self-Reported Knowledge of Health Services

	2000	2001	2002	2003	2004	Target 2004
Knowledge of which health services are available (percentage responding excellent or good)	63	66	62	65	64	**70**

Source: Alberta Health and Wellness Survey, 2000 – 2004.

Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 72 per cent and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.

Albertans are asked: "In general, how would you rate your knowledge of the health services that are available to you? Would you say: excellent, good, fair or poor?" The measure is the percentage of respondents who answered "excellent" or "good."

MEASURE 3.B

Stakeholder ratings of access to information

The collection and provision of health system information, and the protection of privacy, are important functions of the ministry. Information held by the ministry is used for planning and research purposes. The ministry provides limited access to this information on a "need to know" basis in accordance with the provisions of the *Health Information Act*.

Target = improvement for 2004

Stakeholder access to information

	2002 – 2003
Per cent reporting moderate to extremely easy access	62%

Source: Alberta Health and Wellness; Information Management Branch, Data Disclosure Survey; February 2004.

The survey was administered through a web-based questionnaire, asking stakeholders who had contacted the branch during the years 2002 or 2003 for data access (n=543) to assess how easy it was for them to understand the process for accessing data. Ratings were made using a 5-point scale, with 1 labeled "not at all easy" and 5 labeled "extremely easy." The measure is the per cent of respondents rating 3, 4, or 5 on the scale. Responses to this question were provided by 125 stakeholders. Results are estimated to be accurate to within about 9 per cent, 19 times out of 20.

Goal

4 The ministry's effectiveness is optimized

The Ministry of Health and Wellness plays an essential leadership role within Alberta's health system. The ministry must make the best use of its human, financial and technological resources and work collaboratively and proactively with service providers, health authorities, regulatory bodies and public interest groups. This means that the ministry has to be able to effectively combine the talents, knowledge and energies of a broad spectrum of stakeholders and public representatives.

WHAT WE DID

Enhance the department's internal capacity through supportive work environments and strong and effective teams

- The Healthy U @ work campaign provided staff with valuable information on healthy eating and active living during the past year. An Intranet site was continuously updated with information on physical activity and better nutrition. Special events were held to encourage staff to increase their physical activity. Lunch time lectures were provided on a wide variety of topics.
- The annual general meeting provided department staff with an in-depth look at the core businesses of the department and where everyone fits in the big picture.
- A business resumption plan for Alberta Health and Wellness was completed in accordance with government-wide direction. The plan would be activated in the event of a serious disruption to ministry operations.

Create and support effective collaboration processes and structures to engage key stakeholders, with roles and accountabilities clearly delineated

- Work began on a program to consolidate seven rural regional information systems into one.

  The Regional Shared Health Information Program tracks physician orders for tests and medications, and schedules patient tests or procedures. The program will be linked to Alberta's Electronic Health Record, allowing physicians and health care professionals access to pertinent patient information.
- In response to concerns about the accessibility of emergency services regional health authorities embarked upon a province-wide review for the purpose of sharing information on best practices and appropriate performance measures.

Provide staff, stakeholders and citizens with ready access to better information

- A Business Intelligence Environment program was developed in order to better manage data and information held by Alberta Health and Wellness.
- In order to support continuing health system research a process was established whereby external researchers could apply for controlled access to health information held by the ministry.
- An Intranet site — Environmental Scanning Plus — was developed to give staff online access to briefings, reports and data, as well as health care events and reform initiatives from a provincial, national and international perspective.

- Client satisfaction surveys were conducted for both the Aids to Daily Living program and the Alberta Health Care Insurance Plan Customer Services and Registration Branch. The Aids to Daily Living program received a satisfaction rate of 94 per cent, while the Alberta Health Care Insurance Plan Customer Services and Registration Branch received a satisfaction rate of 88 per cent.

Ensure cross-ministry initiatives benefit from the department's leadership, and contribution of high quality, timely and effective resources

In consultation with other ministries, the ministry produced the following resources in response to identified public concern:

- The *Water for Life Strategy* was developed in collaboration with the Provincial Water Advisory Council (Alberta Environment) to address management of Alberta's water quantity and quality for the benefit of Albertans now and for the future.
- A report entitled *First Nations in Alberta: A Focus on Health Service Use* was released. This report was produced in collaboration with provincial and federal stakeholders and Aboriginal Affairs and Northern Development. It will support the Aboriginal Policy Initiative and the Aboriginal Health Strategy and will aid policy makers, health care administrators and professionals to better address the health needs of First Nations people.
- Alberta Health and Wellness initiated a cross-ministry initiative with Alberta Corporate Service Centre, Alberta Learning, and Human Resources and Employment to share and review best practices in revenue collections, and issue a joint request for proposal for all outsourced government collections. Through economies of scale, the ministry expects to realize annual cost savings in administrative expense of approximately $1 million starting in the 2004/2005 fiscal year.

Improve information quality and access by operationalizing the Information Management Framework and adopting/developing system-wide standards

- Health information and technology standards were developed and adopted by the Health Information Standards Committee for Alberta. These standards pertain to Cervical Cancer Screening, Newborn Metabolic Screening, Emergency Medical Services Patient Care Reporting, and Telehealth Videoconferencing.

Lead the Health Sustainability Initiative to strengthen collaboration, integration and co-ordination across government ministries to enhance the sustainability of the public health care system

- Leadership for the cross-ministry Health Sustainability Initiative (HSI) was provided by Alberta Health and Wellness in collaboration with Alberta Finance and Alberta Seniors. *Staying healthier*, resulted in the "Framework for a Healthy Alberta" which is a strategic direction for action by health partners on health promotion and injury and disease prevention. The framework includes 10-year objectives and targets developed collaboratively by Alberta Health and Wellness, Alberta Finance and Alberta Seniors. It is being used by the regional health authorities to develop targets and strategies.

  The HSI component, *Shifting health services from facility-based to community-based settings*, resulted in a series of initiatives aimed at strengthening home care and supportive living as alternatives to facility-based care. The *Health and access issues for low-income Albertans* component of the HSI, identified barriers and focused attention on strategies to improve access through primary health care initiatives and targeted programs for low-income Albertans. The fourth area of focus, *Containing the cost of pharmaceuticals*, resulted in agreement among key stakeholders on the need to work collaboratively at the national level and with the pharmaceutical industry on utilization and cost-containment initiatives.

- Within the cross-ministry HSI a "Framework for a Healthy Alberta" was implemented in collaboration with the regional health authorities. The framework is comprised of strategies to increase health promoting behaviours and to prevent injury and chronic disease, such as diabetes, heart disease and cancer. Implementation of the framework will be monitored on a continuing basis.
- The Young Family Wellness Initiative's target of providing five per cent of parents of newborns with education and counseling on breastfeeding, postpartum depression and infant health and development was achieved.
- Highlights of the Alberta Children and Youth Initiative include:
  - Enhanced services to improve the health of pregnant women and enhance the health and development of young children;
  - Aboriginal communities were engaged in a pilot project aimed at preventing Aboriginal youth suicide;
  - The *Policy Framework for Services for Children and Youth with Special and Complex Needs and their Families*, was implemented to enhance cross-ministry coordination of services; and
  - A provincial inventory of Fetal Alcohol Spectrum Disorder supports and services was completed.
- Barriers to appropriate use of health services by low-income Albertans were identified as part of a cross-ministry initiative for improving access to programs and services.

Provide leadership in federal/provincial/territorial and other collaborative, cross-jurisdictional engagements pertaining to health and health care

- Alberta provided leadership for the Pan-Canadian Health Technology Strategy.
- In meeting the commitments of the February 2003 First Ministers Accord, Alberta and other provinces and territories developed a consensus proposal for home care that is achievable and realistic within federal funding commitments.
- The executive leadership teams of Alberta Health and Wellness and the British Columbia Ministry of Health Services held regional meetings and discussed collaboration on joint health initiatives. Joint work can contribute to efficiencies for both ministries.

Key Performance Measures and Results

MEASURE 4.A

Quality of service provided by registry and client information service

Customer Services and Registration Branch is a primary link between the public and the Alberta Health Care Insurance Plan. This branch responds to inquiries about health service claims and coverage. The department is committed to the Service Excellence Framework, a cross-government initiative dedicated to providing excellent service to Albertans and all other clients of government. These results indicate Albertans who receive registry and information services from Alberta Health and Wellness continue to be satisfied with the services provided. Results from the 2003 survey are higher than the previous year, and exceed the ministry target.

Client Satisfaction Rate

	2000	2001	2002	2003	Target 2003
Client satisfaction with service provided by Registry and Client Information Services, Alberta Health and Wellness. (percentage responding satisfied or very satisfied)	86	85	82	88	**85**

Source: Customer Services and Registration Branch, Client Satisfaction Survey conducted by Criterion Research (June 2000; September 2001; January 2003; March 2004). The survey of 1,000 clients produces results that are accurate within three per cent 19 times out of 20.

MEASURE 4.B

Department staff who understand their contribution to the success of the ministry

The ministry ensures goals and behaviours of individual employees are aligned with department and government goals. There is greater opportunity for success if employees understand how their work contributes to the achievement of business goals. Most department staff (79 per cent) indicate that they have a good understanding of how their work contributes to the achievement of the ministry business plan, slightly lower than the results for 2002, and below the target value. 'Alignment' is one of the five strategic areas addressed in the Corporate Human Resource Plan that requires organizational support.

Staff Understand How Their Work Contributes to Department Success

	1999	2000	2001	2002	2003	Target 2003
Per cent of department staff who strongly or somewhat agree that they know and understand how their work contributes to the achievement of their department business plan.	85	83	95	83	79	**95**

Source: Government of Alberta Corporate Employee Survey (formerly called the Core Measures Survey) results for Alberta Health and Wellness; 1999 – 2003; Personnel Administration Office. Department staff (n=305) are asked whether they agree or disagree with the statement: "You know and understand how your work contributes to the achievement of your department business plan." Survey results are accurate within five per cent 19 times out of 20.

The Corporate Employee Survey is conducted each year by the Personnel Administration Office of the Government of Alberta.

MEASURE 4.C

Satisfaction of other government ministries with the contribution of Alberta Health and Wellness to cross-government initiatives

The ministry must work with various government departments in order to achieve its goals and the goals of government in general. Results from December 2003 show a very high level of satisfaction with the cross-ministry work of the department, somewhat higher than results obtained in 2002, and above the 2003 target. We continue to place a high priority on our work with other government departments.

Satisfaction with Ministry Contribution to Cross-Government Initiatives

	2001	2002	2003	Target 2003
Percentage of surveyed staff who were satisfied or very satisfied with department contribution.	86	83	90	**86**

Source: Alberta Health and Wellness survey (annual) "Satisfaction of Other Ministries with Alberta Health and Wellness' Contribution to Cross-ministry Initiatives." (December 2001; 2002; 2003).
A total of 60 persons responded to the survey, a response rate of 95 per cent.

Integrated Results Analysis

The ministry's annual report is a summary of the most significant activities of the ministry over the past year. It serves as a high level report on the provincial health system's performance. The report is structured according to the four goals of the 2003-2006 ministry business plan.

The 2003/2004 fiscal year was characterized by major organizational changes in the health system. The number of regional health authorities was reduced from 17 to nine and the geographic boundaries of those regions were changed to provide opportunities for greater service integration and efficiency. The responsibility for the delivery of mental health services was transferred from the Alberta Mental Health Board to the nine regions in an effort to promote integration of mental health services with other health services and to provide stronger linkage and continuity among all health services.

Through active collaboration with other government ministries, Alberta Health and Wellness provided leadership in the development of initiatives designed to improve the overall performance and sustainability of the health system. The cross-ministry initiatives have set the stage for the rejuvenation and renewal of the health system.

GOAL 1

The first goal focuses on sustaining and improving the delivery of accessible, effective, quality health services to Albertans who need them. An eight-year tri-lateral agreement was established which binds the Alberta Medical Association, regional health authorities and Alberta Health and Wellness in the pursuit of common goals. In the past year wait times have become shorter for heart surgery, and fewer people are waiting for placement in a continuing care facility. A web-based waitlist registry was developed that provides Albertans with information on wait times for joint replacement, heart surgery, cancer therapy and MRI. Health Link Alberta, a 24-hour telephone information service, was extended province-wide and two new websites were established that provide Albertans with an online library of health topics developed by Alberta clinical experts and a database of health and community services to aid Albertans in finding health services in their community.

GOAL 2

Improving the health and wellness of Albertans through protection, promotion and prevention strategies is the focus of Goal 2. The *Framework for a Healthy Alberta* was implemented in order to set out health objectives and targets in key areas of health. The Alberta Diabetes Strategy was introduced to provide financial assistance for diabetes monitoring supplies for eligible low-income Albertans. A *Mobile Diabetes Screening Initiative* was implemented for Aboriginal people living off reserve. A contingency plan for a potential influenza pandemic was completed and was used as a template for Alberta's SARS response.

The survey results of the past year for self-reported health status show that the majority of Albertans (88 per cent) believe their health is excellent, very good, or good. Mortality rates for injury and suicide have remained stable at 49 per 100,000. The target of 75 per cent for the influenza vaccination of seniors has not been fully achieved.

Breast cancer screening rates have increased steadily since 1997 (63 per cent) to 74 per cent in 2003, very close to the 75 per cent target. Results of Statistics Canada's 2003 Canadian Community Health Survey show that 77 per cent of Albertans do not smoke. That is five per cent above previous levels and above the target level set in past.

GOAL 3

Support for an integrated, sustainable and accountable system for health is the focus of Goal 3. As there are numerous stakeholders involved in the organizing and delivery of health services in Alberta, effective communication, accountability and information systems are essential to achieving this goal. The Health Quality Council of Alberta was established to replace the Health Services Utilization and Outcomes Commission. It will report directly to Albertans on the quality and performance of health services, identify best practices and review and monitor access, cost effectiveness, efficiency and patient safety. The Alberta Electronic Health Record, a first in Canada, allows authorized health care providers to access patient information online. The Alberta Provider Directory authenticates providers attempting to access the Electronic Health Record.

The proportion of Albertans who reported their knowledge of available health services as excellent or good stands at 64 per cent. Approximately 62 per cent of Albertans report they have easy access to the health information they require. Efforts to improve performance in this area continues.

GOAL 4

Optimizing the ministry's effectiveness is the focus of Goal 4.

Effectiveness of the ministry in achieving continuous improvement in the health system was demonstrated through a number of key initiatives. Two successful health policy forums involving health authority board members and executive leaders were held and resulted in consensus on key priorities for the health system.

The cross-ministry Health Sustainability Initiatives effectively focused on:

a) maintaining the health of Albertans

b) shifting the focus from facility-based to community-based services

c) addressing health and service access for low-income Albertans and

d) strategies to control the rising cost of pharmaceuticals.

Alberta's Internet-based Newborn Metabolic Screening technology, which received an award of excellence from the Canadian Information Productivity Award program, allows faster and more accurate identification of newborns who need treatment.

Survey results show an increase in the client satisfaction rate (88 per cent) of Albertans who receive registry and information services from the Customer Services and Registration Branch. Results from the 2003 survey are higher than the previous year, and exceed the ministry target. Seventy-nine per cent of department staff indicate they have a good understanding of how their work contributes to the fulfillment of the department business plan.

Other government ministries report high satisfaction rates (90 per cent) with the contribution of Alberta Health and Wellness to cross-ministry initiatives. Survey results show the Alberta Aids to Daily Living program received a client satisfaction rate of 94 per cent. Efforts to improve these areas continues.

Challenges and Opportunities

Substantial progress was made in the past year toward building a better public health care system.

Alberta launched a leading-edge electronic health record system and a wait list registry for surgeries and procedures. A first-time agreement among doctors, government and regional health authorities is leading to better ways to meet patient needs.

The Healthy U campaign is helping Albertans to make healthy choices and the province-wide Health Link Alberta line has responded to more than one million calls for health information and advice.

But maintaining a high quality system requires keeping pace with continually rising costs and high expectations from a growing and aging population.

Alberta, like other provinces, is faced with the challenge of delivering essential health services at a cost that exceeds all other areas of public spending. New diagnostic and treatment technologies, drugs and home care services are among the factors that drive up costs in the health care system each year.

While our health care system must respond to illness, we also must continue our efforts to build a healthier population. Many long-term strategies are in place to reduce disease and injury rates. At the same time, Albertans must assume a greater responsibility for their health and follow lifestyles that will help them stay healthy and reduce their risk of chronic disease.

A better health care system will require wise investments in lasting improvements and finding the most efficient and affordable ways to deliver health care services.

Organization with a Provincial Mandate

Alberta Alcohol and Drug Abuse Commission (AADAC)

MISSION

Making a difference in people's lives by assisting Albertans to achieve freedom from the harmful effects of alcohol, other drugs and gambling.

CORE BUSINESSES, GOALS AND MEASURES

Core Business 1: Information

AADAC provides Albertans with current and accurate information on alcohol, other drugs and gambling. Information management and dissemination creates greater awareness of addiction issues and AADAC services. It is required to support the development and delivery of prevention and treatment programming. Information and resource materials are available through AADAC offices and clinics and are accessible on the AADAC website at www.aadac.com.

Goal 1 To inform Albertans about alcohol, other drug and gambling issues and AADAC services.

WHAT WE DID

- AADAC released results from The Alberta Youth Experience Survey 2002. This province-wide survey of junior and senior high students provides current information on youth substance use and gambling in Alberta. The survey was developed in collaboration with Alberta Learning and other stakeholders.
- AADAC released Substance Use and Gambling in the Alberta Workplace 2002, a study replicating research conducted by AADAC in 1992. Results provide current estimates of alcohol and drug use in the workplace, as well as baseline measures of employee tobacco use and gambling.
- AADAC is a member of the Canadian Addiction Survey National Advisory Committee. The Canadian Addiction Survey supports the renewed Canadian Drug Strategy, and results will provide current information on national and provincial adult alcohol and illicit drug use.
- AADAC continued to work with the Alberta Gaming and Liquor Commission (AGLC) to deliver problem gambling intervention training for gaming vendors/operators in the province.
- AADAC introduced the Truth About Tobacco website. The site includes information on prevention, smoking cessation, and updates on the Alberta Tobacco Reduction Strategy programs and media campaigns.

PERFORMANCE MEASURE

Percentage of Albertans who are aware of AADAC services

Target (2003/2004) = 70 per cent

RATIONALE

Albertans who are aware of AADAC services are more informed about where to get information on alcohol, other drug and problem gambling prevention and treatment services.

RESULTS

Measure	2002/2003	2003/2004	Target 2003/2004
Percentage of Albertans who are aware of AADAC services	89	89	**70***

Source: AADAC Public Opinion Survey (2003); 2004 Alberta Survey.

For 2002/2003, an independent private research contractor conducted the AADAC 2003 Public Opinion Survey. Data were collected through a telephone survey of 3,000 randomly selected Albertans aged 18 years and older (response rate = 29 per cent). The margin of error is ± 1.8 per cent, 19 times out of 20. For 2003/2004, AADAC contracted the Population Research Laboratory, University of Alberta, to ask about awareness of AADAC. Data were collected through telephone interviews of 1,207 randomly selected Albertans aged 18 years and older (response rate = 38.3%). The margin of error is ± 2.8 per cent, 19 times out of 20. Respondents for both surveys were asked: "Prior to me phoning you today, were you aware of the Alberta Alcohol and Drug Abuse Commission, or AADAC?"

*The 2003/2004 target was based on results from the AADAC Market Audit (2000) as results from the 2002/2003 survey were not available. The target for 2004/2005 has been realigned.

PERFORMANCE MEASURE

Number of visitors to AADAC websites

Target (2003/2004) = increase 5 per cent

RATIONALE

Albertans visiting AADAC websites are more informed about the harms associated with substance use and problem gambling.

RESULTS

Measure	2002/2003	2003/2004	Target 2003/2004
Number of visitors to AADAC websites	286,455	454,724	**5 per cent increase**

Source: Alberta Innovation and Science (2002/2003, 2003/2004)
Distinct host statistics for AADAC websites.

DISCUSSION

For 2003/2004, AADAC exceeded both performance targets for its Information Business. Eighty-nine per cent of Albertans who participated in AADAC's Public Opinion Survey indicated they were aware of AADAC. The target was 70 per cent. The number of visitors to AADAC's websites increased 58.7 per cent, exceeding the targeted five per cent increase from 2002/2003. AADAC's introduction of the Truth About Tobacco website contributed to this result.

Core Business 2: Prevention

AADAC provides programs and services designed to prevent alcohol, other drug and gambling problems, and reduce the harms associated with substance use and problem gambling. Prevention strategies are intended to increase protective factors and reduce risk factors for the population as a whole and within specific groups.

Goal

2 To prevent the development of and reduce the harms associated with alcohol, other drug and gambling problems

WHAT WE DID

- AADAC continued to lead the Alberta Tobacco Reduction Strategy.
  - A multi-media tobacco reduction campaign included three television ads targeting 12- to 14-year-olds and their parents. The campaign also included prevention posters for youth and a brochure designed to help parents talk to their children about tobacco.
  - In March 2004, AADAC hosted Unfiltered—The Truth About Tobacco on Campus, a free conference for Alberta post-secondary students interested in tobacco reduction.
  - In conjunction with Alberta Learning, AADAC distributed the video *Barb Tarbox: A Life Cut Short by Tobacco* to 2,500 Alberta schools.
- As part of a comprehensive School Strategy, AADAC distributed *Leaps and Bounds*, a curriculum-aligned resource for grades 5-6, and redesigned AADAC's websites for parents and teachers.
- To support AADAC's Enhanced Services for Women, AADAC developed *The Help Kit*, a resource package for community professionals to help them better screen, intervene and refer pregnant women to treatment programs. In addition, AADAC designed a series of posters to increase awareness of the risks associated with substance use during pregnancy. *The Help Kit* and posters were released during National Addictions Awareness Week (NAAW) in November 2003.
- In partnership with Alberta Children's Services, the Alberta Medical Association and the College of Physicians and Surgeons of Alberta, AADAC supported the development and launch of a multi-media fetal alcohol spectrum disorder (FASD) prevention campaign.
- AADAC and the Brewers of Canada continued to collaborate on the Youth Alternative (YA!) project. Ten community projects were funded to reduce alcohol consumption among youth in rural areas.

- AADAC continued to contribute to the development of collaborative community strategies designed to prevent harms associated with the use of illicit drugs (e.g., methamphetamine) in a number of communities across the province.

PERFORMANCE MEASURE

Prevalence of smoking among Alberta youth

Target (2003/2004) = 16 per cent

RATIONALE

As most long-term smokers start at an early age, activities focusing on youth prevention are key to reducing the number of smokers in Alberta. A decline in the prevalence of smoking by Alberta youth will have positive long-term impacts on the health care system.

RESULTS

Measure (in per cent)	2000/2001	2003/2004	Target 2003/2004
Prevalence of smoking among Alberta youth	17.9	13.9	**16**

Source: Canadian Community Health Survey (CCHS) (2000/2001). Daily and occasional smoking combined for Albertans 12 – 19 years of age. The CCHS includes a sample of Albertans 12 years and older (n = 14, 456). The response rate at the national level is 84.7 per cent.
Canadian Community Health Survey (CCHS) (2003). Daily and occasional smoking combined for Albertans 12 – 19 years of age. The CCHS includes a sample of Albertans 12 years and older (n = 13,871). The response rate at the national level is 80.6 per cent. Excluded from CCHS sampling survey framework were residents of institutions, full-time members of the Canadian armed forces, residents of Indian Reserves and of Crownlands and residents of a few remote areas.

PERFORMANCE MEASURE

Percentage of Alberta women who consumed alcohol during pregnancy

Target (2003/2004) = 3.8 per cent

RATIONALE

Alcohol consumption during pregnancy can have long-term effects on childhood development. Offering a range of prenatal prevention programs can reduce the number of children born with life-long disabilities such as fetal alcohol spectrum disorder (FASD).

RESULTS

Measure (in per cent)	2000	2001	2002	Target 2003/2004
Self-reported alcohol consumption during pregnancy	4.0	3.9	4.0	**3.8**

Source: Health Surveillance, Alberta Health and Wellness (2000, 2001, 2002). Alberta's Vital Statistics, Notice of a Live or a Stillbirth (n = 36,723). Self-reported alcohol consumption during pregnancy.

DISCUSSION

In 2003/2004, the target for prevalence of smoking among Alberta youth was met, 13.9 per cent of Albertans age 12 to 19 years who participated in the Canadian Community Health Survey reported they were current smokers. Results suggest that prevention activities are having a positive influence on the prevalence of smoking by Alberta youth.

The target of 3.8 per cent of women consuming alcohol during pregnancy was not met. In 2002, four per cent of Alberta women reported alcohol consumption during pregnancy. Previous results show minor fluctuations in the proportion of women who reported alcohol consumption during pregnancy and these fluctuations may represent random error rather then actual change. Results do not measure problem use and include those who may have had a single drink during pregnancy.

Core Business 3: Treatment

AADAC offers a broad continuum of treatment services that assist Albertans to improve or recover from the harmful effects of alcohol, other drug and gambling problems. Treatment is aimed at adults, youth and their families who display significant problems. Albertans have access to basic services where they and their families live and work, with access to more specialized services on a regional and provincial basis. Services include community-based outpatient counselling, day programs, crisis and detoxification services, short-term and long-term residential treatment, and overnight shelter. Specialized programs are available for youth, women, Aboriginal Albertans, business and industry referrals, and persons with opiate dependency or cocaine addiction.

Goal 3

To provide treatment programs and services that assist Albertans to improve or recover from the harmful effects of alcohol, other drug and gambling problems.

WHAT WE DID

- In collaboration with the Calgary Health Region, AADAC opened the Calgary Opiate Dependency Program. This expansion promotes greater accessibility to the program, especially for clients living in southern Alberta.
- AADAC opened a satellite office in Airdrie to better meet the needs of individuals and families living in this growing community.
- AADAC's Henwood Treatment Centre initiated a pilot project for residential clients who wanted to receive treatment for their tobacco use along with treatment for their alcohol, other drug or gambling problems. AADAC sustained funding for Kick the Nic, a tobacco cessation program for youth aged 13 to 17.
- AADAC awarded 15 Young Adult Tobacco Reduction Grants to community groups for the development of innovative tobacco-related programs, policies and projects targeted at young adults 18 to 24 years old.
- AADAC continued to collaborate with regional health authorities to provide hospital-based addiction services.
- AADAC continued to provide crisis counselling and referral through the toll-free AADAC help line.

PERFORMANCE MEASURE

Percentage of clients who are satisfied with AADAC treatment services

Target (2003/2004) = 95 per cent

RATIONALE

To increase the probability of success, it is important that treatment programs meet the needs and expectations of the clients receiving these services. Therefore, AADAC surveys its clients' level of satisfaction with treatment services received.

RESULTS

Measure (in per cent)	2001/ 2002	2002/ 2003	2003/ 2004	Target 2003/ 2004
Percentage of clients who are satisfied with AADAC treatment services	95	95	96	**95**

Source: AADAC Treatment Follow-up Survey database. Client satisfaction was assessed from two sources. Results from both sources were combined and weighted to provide total client satisfaction (n = 8,460).

(1) An independent private research contractor conducted follow-up telephone interviews with treatment clients (other than detoxification). Clients entering treatment services (excluding detoxification) were eligible for telephone interview selection. Based on annual client admissions, sample quotas were assigned to each treatment type. A random sample of 5,908 clients was telephoned three months after treatment completion. A total of 2,268 clients were interviewed and asked to rate their level of satisfaction with services received (response rate = 38.4 per cent). The margin of error is ± 2.0 per cent, 19 times out of 20.

(2) Client satisfaction with detoxification was measured by a self-administered feedback survey given to clients at the end of service. Of the 11,453 detoxification admissions, 6,192 surveys were returned (response rate = 54.1 per cent).

PERFORMANCE MEASURE

Percentage of clients reporting they were improved following treatment

Target (2003/2004) = 93 per cent

RATIONALE

AADAC offers a continuum of treatment services that address the individual needs of clients. The intended outcome is client abstinence or an improved level of recovery. AADAC measures clients' improvement following treatment to ensure that programs are effective.

RESULTS

Measure (in per cent)	2001/ 2002	2002/ 2003	2003/ 2004	Target 2003/ 2004
Percentage of clients reporting they were improved following treatment	93	94	93	**93**

Source: AADAC Treatment Follow-up Survey database. Client improvement was assessed using the same process as in client satisfaction source (1) above. Number of clients interviewed, response rate and margin of error are as above. Clients were interviewed and asked about their level of substance use and gambling. Improvement was indicated if clients were "abstinent" or "improved" three months after treatment.

DISCUSSION

In 2003/2004, the target for client satisfaction with treatment services was exceeded; 96 per cent of clients reported they were "somewhat satisfied" or "very satisfied" with the treatment services received. The high level of satisfaction suggests treatment programs are meeting the client expectations.

In 2003/2004, the target for clients reporting improvement following treatment was met; 93 per cent of clients reported improvement three months after treatment. As treatment services achieved the intended outcome of abstinence or improved level of recovery, results suggest that treatment programs are effective.

Cross-Ministry Initiatives

- AADAC contributed to the Health Sustainability Initiative through membership on the Partnering Deputies Committee and various sub-committees. In addition, AADAC was actively involved in both the Family Violence and Mental Health Diversion Projects.
- AADAC continued as a member on the Aboriginal Policy Initiative (API) Interdepartmental Committee. In support of API, AADAC funded four new community addiction projects: Cold Lake Native Friendship Centre, Muskosagayigun Cultural Centre, Oldman River Cultural Centre and Lac La Biche Native Friendship Centre. As part of the Aboriginal Tobacco Use Strategy, AADAC approved 25 community grants to deliver prevention, education and cessation programs to Aboriginal Albertans living off reserve. An Aboriginal Guiding Circle provides advice for the strategy.
- AADAC also continued as a member on the Alberta Children and Youth Services Initiative (ACYI) Partnering Deputies Committee and the ACYI Coordinating Committee, as well as various sub-committees that support ACYI strategies.
- AADAC co-led the Alberta FASD (fetal alcohol spectrum disorder) Cross-Ministry Committee with Alberta Children's Services and, as a member of the Canada Northwest FASD Partnership, helped to organize the national FASD conference.
- AADAC supported the Economic Development Strategy as a member of the Alberta Advisory Committee on Impairment in the Workplace. In addition, AADAC operated the Business and Industry Clinic in Grande Prairie, which offers a specialized treatment program for employees with substance use problems.
- AADAC chaired the Provincial Advisory Committee on Illicit Drug Use and participated on the Solicitor General's Cross-Ministry Working Group on Methamphetamine.
- As part of a human resource development strategy, AADAC implemented a competency framework to support employee performance management and leadership continuity. In addition, the core-training curriculum offered 56 courses to AADAC staff and allied professionals to enhance professional development.

Future Challenges

Substance use and gambling problems occur at all levels of society and in all communities throughout Alberta. At some point in their lives, many Albertans will experience personal problems related to alcohol, other drugs or gambling. Others will face difficulties because of someone else's addiction.

An ongoing challenge for AADAC is to maintain quality addiction services while responding to growing service demands due to population growth, changing demographics, urbanization, cultural diversity and the availability of new technologies. In addition, issues related to addiction are complicated by concurrent conditions such as mental health concerns, fetal alcohol spectrum disorder (FASD), human immunodeficiency virus (HIV) and hepatitis. AADAC must be responsive to these changing needs and environmental influences while remaining focused on its vision, mission and core businesses.

Addictions information, prevention and treatment services play a key role in sustaining the health and wellness of individual Albertans, and of families and communities across the province. AADAC has developed a strong presence in communities across Alberta and will continue to collaborate with key stakeholders, working together to sustain effective services.

Financial Information

Ministry of Health and Wellness

Consolidated Financial Statements

March 31, 2004

MINISTRY OF HEALTH AND WELLNESS

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2004

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Health and Wellness as at March 31, 2004 and the consolidated statements of operations and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

As disclosed in Note 2, the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. PSAB has recently revised the definition of the Government reporting entity for implementation for years commencing on or after April 1, 2005. In Note 2, management has stated when it intends to comply with PSAB's recommendations. If the regional health authorities had been included in the accompanying financial statements, I estimate that revenues, expenses, assets and liabilities would increase by approximately $863, $967, $4,115 and $3,528 million respectively.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 21, 2004

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004		2003
	Budget (Schedule 4)	Actual	Actual (Restated - Note 12)
Revenues (Schedule 1)			
Internal Government Transfers	$ 196,380	$ 196,380	$ 104,987
Transfer from the Government of Canada	1,397,172	1,412,722	950,155
Premiums and Fees	934,459	963,529	936,750
Other Revenue	65,452	82,278	78,434
	2,593,463	2,654,909	2,070,326
Expenses - Directly Incurred (Note 2c and Schedules 3 and 6)			
Program			
Regional Health Services	4,112,038	4,135,550	3,850,112
Province-Wide Services	414,962	414,962	418,042
Physician Services	1,516,183	1,571,272	1,441,543
Non-Group Health Benefits	416,519	466,051	413,066
Allied Health Services	75,358	67,002	62,456
Protection, Promotion and Prevention	169,795	168,457	141,029
Human Tissue and Blood Services	130,000	122,488	115,605
Other Provincial Programs	167,475	130,348	131,527
Alberta Alcohol and Drug Abuse Commission	59,963	61,001	57,798
Health Reform	121,726	53,482	24,467
Ministry Support Services	108,927	112,931	105,813
Systems Development	16,153	15,533	24,423
	7,309,099	7,319,077	6,785,881
Statutory (Schedule 3)			
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-Offs	41,363	46,723	50,218
Other Write-Offs	-	39	45
	41,363	46,762	50,263
Provision for Vacation Pay	-	532	635
	41,363	47,294	50,898
	7,350,462	7,366,371	6,836,779
Net Operating Results	$ (4,756,999)	$ (4,711,462)	$ (4,766,453)

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2004

(in thousands)

	2004	2003 (Restated - Note 12)
ASSETS		
Cash (Note 3)	$ 28,016	$ 23,208
Accounts Receivable, Loans and Advances (Note 4)	161,873	146,957
Consumable Inventory	5,578	5,636
Tangible Capital Assets (Note 5)	57,318	50,727
	$ 252,785	$ 226,528
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	$ 379,582	$ 412,805
Unearned Revenue (Note 7)	291,279	91,029
	670,861	503,834
NET LIABILITIES		
Net Liabilities at Beginning of Year	(277,306)	(324,499)
Net Operating Results	(4,711,462)	(4,766,453)
Net Transfer from General Revenues	4,570,692	4,813,646
Net Liabilities at End of Year	(418,076)	(277,306)
	$ 252,785	$ 226,528

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004	2003 (Restated - Note 12)
Operating Transactions		
Net Operating Results	$ (4,711,462)	$ (4,766,453)
Non-cash items:		
Amortization of Tangible Capital Assets	6,552	2,007
Inventory Consumed	24,206	-
Health Care Insurance Premium Revenue Write-offs	46,723	50,218
Other Write-Offs	39	45
Provision for Vacation Pay	532	635
	(4,633,410)	(4,713,548)
(Increase) in Accounts Receivable and Inventory	(61,968)	(68,075)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(33,755)	41,630
Increase (Decrease) in Unearned Revenue	200,250	(42,258)
Cash (Applied to) Operating Transactions	(4,528,883)	(4,782,251)
Capital Transactions		
Acquisition of Tangible Capital Assets	(13,243)	(16,686)
Acquisition of Consumable Inventory	(24,003)	-
Transfer of Tangible Capital Assets	100	-
Cash (applied to) Capital Transactions	(37,146)	(16,686)
Investing Transactions		
Loans and advances	-	(149)
Repayment of Loans and advances	145	-
Cash Provided (applied to) by Investing Transactions	145	(149)
Financing Transactions		
Net Transfer from General Revenues	4,570,692	4,813,646
Increase in Cash	4,808	14,560
Cash, Beginning of Year	23,208	8,648
Cash, End of Year	$ 28,016	$ 23,208

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2004

Note 1 Authority and Purpose

The Minister of Health and Wellness (Minister) has, by the *Government Organization Act* and its regulations, been designated responsibilities for various Acts. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Health and Wellness (Ministry).

The purpose of the Ministry is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Ministry leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Ministry sets direction, policy and provincial standards that ensure quality services and set priorities based on health needs, determine the scope of financial, capital and human resources required, and measure and report on the performance of the system. The Ministry is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board (PSAB) where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Health and Wellness. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

These consolidated financial statements include the accounts of the following organizations:

Organization	Authority
Department of Health and Wellness	*Government Organization Act*
Alberta Alcohol and Drug Abuse Commission	*Alcohol and Drug Abuse Act*

The accounts of Regional Health Authorities, the Alberta Cancer Board, and the Alberta Mental Health Board are not included in these consolidated financial statements as these accountable organizations are not considered to be part of the Ministry pursuant to section 1(1)(g) of the *Government Accountability Act*.

Details on balances and transactions with these entities are disclosed in Notes 4 and 6 and Schedule 6 to the financial statements.

PSAB has released new guidance that controlled entities are to be included and how they are to be included effective April 1, 2005. This may affect how the Ministry reports accountable organizations such as the Regional Health Authorities, the Alberta Cancer Board and the Alberta Mental Health Board depending on whether control exists. The Ministry has agreed in principle to include the financial statements of these entities commencing from fiscal year beginning April 1, 2006, if it is determined that control exists.

(b) Basis of Consolidation

Revenue and expense transactions, investing and finance transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

(c) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual method of accounting. Cash received or receivable for which goods or services have not been provided by year-end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(iii) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

(iv) Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:

- amortization of tangible capital assets.
- inventory consumed.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 6.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(v) Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as cash and consumable inventories. Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only charged if the asset is in use. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000 for the Department and $5,000 for Alberta Alcohol and Drug Abuse Commission. All land is capitalized.

Consumable inventory is valued at the lower of cost and replacement cost and is determined on a first-in, first-out basis.

(vi) Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

(vii) Net Liabilities

Net liabilities represent the difference between the carrying value of assets held by the Ministry and its liabilities.

(viii) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, travel advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments. Fair values of loans are not reported due to there being no organized market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(ix) Payments under Reciprocal and Other Agreements

The Ministry entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these consolidated financial statements.

Amounts paid and recovered under these agreements are disclosed in Note 10.

(x) Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The allowance for doubtful accounts, amounting to $124,269 (2003 - $111,105) is subject to measurement uncertainty.

The allowance for doubtful accounts, in the amount of $124,269 (2003 - $111,105) as reported in Note 4 to these consolidated financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2004 and past collection patterns. The actual amount collected could vary from that estimated.

Note 3 Cash

(in thousands)

The cash balance consists of the following:

	2004	2003
Department of Health and Wellness Bank Account	$ 18,322	$ 13,480
Alberta Alcohol and Drug Abuse Commission Consolidated Cash Investment Trust Fund	9,684	9,718
Accountable Advances	10	10
	$ 28,016	$ 23,208

Note 4 Accounts Receivable, Loans and Advances

(in thousands)

	2004			2003
	Gross Amount	Allowance for Doubtful Accounts	Net Realizeable Value	Net Realizeable Value
Accounts Receivable	$ 282,384	$ 124,269	$ 158,115	$ 144,712
Amounts due from Health Authorities and Provincial Boards	48	-	48	11
Refunds Receivable	3,706	-	3,706	2,085
Loans and Advances	4	-	4	149
	$ 286,142	$ 124,269	$ 161,873	$ 146,957

Accounts receivables are unsecured.

Note 5 Tangible Capital Assets

(in thousands)

	2004				2003
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Systems development					
Work in progress					
Wellnet projects		$ 4,258	$ -	$ 4,258	$ 39,165
Others		3,116	-	3,116	4,927
		7,374	-	7,374	44,092
Computer hardware and software	3-10 years	67,114	17,331	49,783	6,485
Equipment	10 years	293	132	161	150
		67,407	17,463	49,944	6,635
		$ 74,781	$ 17,463	$ 57,318	$ 50,727

Note 6 Accounts Payable and Accrued Liabilities

(in thousands)

	2004	2003
Accounts payable	$ 113,128	$ 193,826
Accrued liabilities	223,854	153,504
Amounts due to Health Authorities and Provincial Boards	34,509	57,916
Accrued vacation pay	8,091	7,559
	$ 379,582	$ 412,805

Note 7 Unearned Revenue

(in thousands)

	2004	2003
Changes in unearned revenues are as follows:		
Restricted Cash received during the year:		
Health Care Insurance Premiums	$ 30,447	$ 29,742
Health Services for Persons with Hepatitis C	1,013	921
Third Party Recoveries	11	3
Health Canada - Canada Health and Social Transfer	248,298	-
Institution Fees	30	30
	279,799	30,696
Less amounts recognized as revenue in the year	(79,549)	(72,954)
(Decrease) increase during the year	200,250	(42,258)
Balance at beginning of year	91,029	133,287
Balance at end of year	$ 291,279	$ 91,029
Balances at end of year are comprised of:		
Health Canada - Canada Health and Social Transfer	$ 248,298	$ 49,774
Health Care Insurance Premiums	30,447	29,742
Health Services for Persons with Hepatitis C	12,493	11,480
Third party recoveries	11	3
Institution Fees	30	30
	$ 291,279	$ 91,029

Note 8 Commitments

(in thousands)

At March 31, 2004, the Ministry has the following commitments:

	2004	2003
Specific programs commitments [a]	$ 3,533,251	$ 526,917
Service contracts	59,475	40,724
Equipment leases [b]	307	331
	$ 3,593,033	$ 567,972

[a] Included in 2004 specific programs commitments is an amount of $2,787,773 (2003 - nil) for the provision of insured medical services by physicians under the agreement signed with the Alberta Medical Association.

Note 8 **Commitments (continued)**
(in thousands)

(b) The Ministry leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

Year	2004	2003
2004	$ -	$ 143
2005	145	110
2006	91	57
2007	51	21
2008	20	-
	$ 307	$ 331

Canadian Blood Services

The Province of Alberta is committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $122,488 (2003 - $115,536). Budgeted expenditure for the 2005 fiscal year is estimated at $137,000.

Note 9 **Contingencies and Equity Agreements with Voluntary Hospital Owners**

Hepatitis C

At March 31, 2004, the Ministry was named as defendant in forty-one specific legal actions (2003 - forty-nine specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in thirty specific legal actions approximates $555 million (2003 – thirty-five specific legal actions approximates $563 million). For the other eleven claims, no specified amount has yet been claimed (2003 - fourteen claims have no specified amount); the amount of these claims will be determined at trial. Forty of these claims (2003 – forty-seven claims) are covered by the Alberta Risk Management Fund with $81 million specified for twenty-nine claims (2003 - $89 million for thirty-four claims). Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Note 9 Contingencies and Equity Agreements with Voluntary Hospital Owners (continued)

Hepatitis C (continued)

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Ministry made a provision in 1999-2000 for its portion of the Hepatitis C assistance. At March 31, 2004 the unpaid balance of the Ministry's commitment to the financial assistance package was $13,721,265 (2003 - $17,942,000).

Equity Agreements with Voluntary Hospital Owners

The Ministry has a contingent liability for buy-out of equity under Equity Agreements entered into between the Ministry and Voluntary Hospital Owners. The Ministry's payout liability is contingent upon termination of the equity agreements and transfer of the hospital assets to the Province. At March 31, 2004, the contingent payout liability upon termination is estimated at $18.9 million (2003 - $21 million).

Notifications to terminate certain equity agreements have been received by the Ministry. In 2003 - 2004, the Ministry expensed $1.7 million (2003 - $8.2 million) representing the equity of the Voluntary Hospital Owners. In turn, the Voluntary Hospital Owners transferred hospital assets to the Crown, as represented by the Minister of Health and Wellness. The Crown, as represented by the Minister of Infrastructure, then transferred the hospital assets to regional health authorities under lease agreements. The regional health authorities will record the hospital assets at their net book value.

Other

At March 31, 2004, the Ministry was named as defendant in twenty other legal actions (2003 – twenty-two legal actions). Twenty of these claims have specified amounts totaling $25 million (2003 – twenty-one claims with a specified amount of $35.8 million). Included in the total legal actions are eighteen claims amounting to $24 million (2003 – nineteen claims amounting to $34.8 million) in which the Ministry has been jointly named with other entities. Sixteen claims amounting to $21.4 million (2003 – fifteen claims amounting to $21.3 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 10 Payments under Reciprocal and Other Agreements

(in thousands)

The Ministry entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Ministry pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include regional health authorities, provincial health boards and physicians.

Note 10 Payments under Reciprocal and Other Agreements (continued)

(in thousands)

The Ministry also entered into agreements with the Western Provinces and Territories for the Western Health Information Collaborative (WHIC) to explore common opportunities that would meet their health information needs and support the strategic directions and initiatives for health infostructure at the national level. In addition, the Ministry entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, Section 25 (1).

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

	2004					2003
	Western Health Information Collaborative	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable (payable) balance	$ 57	$ 28,175	$ (19)	$ 2,086	$ 30,299	$ 24,739
Add: Payments made during the year	152	130,131	-	3,956	134,239	131,938
	209	158,306	(19)	6,042	164,538	$ 156,677
Less: Collections received during the year	209	134,757	-	2,335	137,301	126,378
Closing receivable (payable) balance	$ -	$ 23,549	$ (19)	$ 3,707	$ 27,237	$ 30,299

Note 11 Defined Benefits plan

(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $4,975 for the year ended March 31, 2004 (2003 - $3,838).

At December 31, 2003, the Management Employees Pension Plan reported a deficiency of $290,014 (2002 – deficiency $301,968) and the Public Service Pension Plan reported actuarial deficiency of $596,213 (2002 – actuarial deficiency $175,528). At December 31, 2003, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $9,312 (2002 –$6,472).

Note 11 Defined Benefits plan (continued)

(in thousands)

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2004, the Bargaining Unit Plan reported an actuarial deficiency of $9,766 (2003 - $14,434) and the Management, Opted Out and Excluded Plan an actuarial surplus of $1,298 (2003 – actuarial deficiency of $3,053). The expense for these two plans is limited to employer's annual contributions for the year.

Note 12 Comparative Figures

(in thousands)

Certain 2003 figures have been reclassified to conform to the 2004 presentation.

In 2003/2004, programs were transferred to other ministries. As a result, comparatives have been restated as if the Ministry had always been assigned its current responsibilities.

	Revenues	Expenses	Net Operating Results	Net Transfers from General Revenues
As previously reported at March 31, 2003	$ 2,072,826	$ 6,841,258	$ (4,768,432)	$ 4,815,625
Transfers to Department of Innovation and Science	(2,500)	(2,500)		
Public Affairs Bureau		(1,979)	1,979	(1,979)
Amounts restated at March 31, 2003	$ 2,070,326	$ 6,836,779	$ (4,766,453)	$ 4,813,646

Note 13 Approval of Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004		2003
	Budget (Schedule 4)	Actual	Actual (Restated - Note 12)
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 196,380	$ 196,380	$ 104,987
	196,380	196,380	104,987
Transfers from the Government of Canada:			
Canada Health and Social Transfer	1,112,809	1,136,440	931,106
Canada Health and Social Transfer - 2003 Supplement	99,200	99,169	-
Health Reform Fund	99,200	99,676	-
Diagnostic/Medical Equipment Fund	49,600	49,584	-
Other	36,363	27,853	19,049
	1,397,172	1,412,722	950,155
Fees:			
Health care insurance:			
Premiums before premium assistance	895,455	1,058,043	1,032,117
Less:			
Premium assistance under legislation	-	(135,820)	(133,078)
	895,455	922,223	899,039
Add:			
Penalties	16,856	17,398	14,440
Interest and miscellaneous	459	168	396
Health care insurance premiums, penalties and interest	912,770	939,789	913,875
Blue Cross:			
Premiums before premium assistance	20,000	24,174	23,528
Less premium assistance	-	(1,978)	(2,210)
Blue Cross premiums	20,000	22,196	21,318
Total premiums	932,770	961,985	935,193
Other	1,689	1,544	1,557
	934,459	963,529	936,750
Other revenue:			
Third party recoveries	62,333	62,970	58,874
Miscellaneous:			
Previous years' refunds of expenditure	1,400	7,850	15,846
Other	1,719	11,458	3,714
	65,452	82,278	78,434
Total revenues	$ 2,593,463	$ 2,654,909	$ 2,070,326

Schedule 2

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004		
	Authorized Dedicated Revenues	Actual Dedicated Revenues[a]	(Shortfall)/ Excess
Health Care Insurance Premiums[b]	$ 922,921	$ 939,789	$ 16,868
Non-Group Drug Benefits[c]	22,032	22,196	164
Primary Health Care Initiative[d]	26,187	24,009	(2,178)
Health Services for Persons with Hepatitis C[e]	8,500	1,687	(6,813)
Alberta Telehealth Initiative[f]	1,050	900	(150)
Multi-Jurisdictional Health Lines[g]	140	81	(59)
Infoway Pharmaceutical Information Network [h]	6,350	4,852	(1,498)
Statistical Information[i]	200	66	(134)
Government Sponsored Drug Plans[j]	700	729	29
Chronic Disease Management Infostructure[k]	500	408	(92)
Infoway Provider Registry Project[l]	500	-	(500)
Diabetes Surveillance[m]	60	60	-
Reporting Adverse Reactions to Blood Products[n]	100	92	(8)
	$ 989,240	$ 994,869	$ 5,629

[a] Revenues from dedicated revenue initiatives are included in the Ministry's revenues in the Statement of Operations.

[b] Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Expenses associated with this initiative are included in the Statement of Operations under the Physician Services expense classification.

[c] Albertans can access public or private supplemental health insurance coverage. The Ministry provides Non-Group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Non-Group Health Services expense classification.

[d] Health Canada is providing funding to support primary health care initiatives that will be undertaken by the province. Total funding of $54.7 million will be provided for this initiative and will be used in the areas of proposal development, Health Link implementation, capacity-building fund and administration. Expenses associated with this initiative are included in the Statement of Operations under the Other Provincial Programs expense classification.

[e] Health Canada is providing funding to provide health services to individuals who acquired the Hepatitis C (HCV) virus from blood and blood products prior to Jan. 1, 1986 and after July 1, 1990. The funding will be used to treat the HCV infection using antiviral drug therapies, immunization and nursing care. Expenses associated with this initiative are included in the Statement of Operations under the Other Provincial Programs expense classification.

[f] The Alberta Telehealth Initiative commenced in 1999, when a donor pledged $14 million and Alberta Health and Wellness dedicated $7 million to the A.H.A. Hospitalta Funding Foundation to assist the Health Authorities purchase and set-up of tele-video conferencing equipment. The core services that make up this initiative include the following: MCU Bridge Services, Scheduling Services, Standards Development, Evaluation and Business Plan Development. Expenses associated with this initiative are included in the Statement of Operations under the Systems Development and Ministry Support Services expense classification.

Schedule 2

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2004
(in thousands)

(g) A collaborative effort among the western provinces and territories is being undertaken to develop a long-term vision of strengthened infrastructure to support and further develop Health Lines across Canada. Health Lines are emerging as part of a new model for access to and delivery of high quality health services. Health Lines offer the potential to significantly alter the way consumers access and use health services, as well as the manner in which providers deliver health services. Expenses associated with this initiative are included in the Statement of Operations under the Health Reform expense classification.

(h) The Pharmacy Information Network (PIN) currently focuses on supporting the community drug process. A release of PIN was deployed in a sucessful pilot in 2002. An enhanced release was subsequently implemented into production to a number of sites throughout the province. The next release of PIN supports both browser access and system-to-system messaging access. This release is ready for province-wide implementation. PIN is a critical component of the Alberta Electronic Health Record (EHR) and is being implemented as part of the initial release of the Alberta EHR. Expenses associated with this initiative are included as Capital Investment.

(i) The ministry provides statistical information and reports to third party researchers and institutions. The revenue received is used to offset the costs to the department. The expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(j) For new drugs to be considered for inclusion on the ministry's Drug Benefit List, they must first receive approval from Health Canada for sale in Canada. Once approved, the drug is reviewed by the Alberta Health and Wellness Expert Committee on Drug Evaluation and Therapeutics. Discussions between Alberta Health and Wellness and a drug manufacturer are held to ensure the drug is used as intended. An agreement may be entered into with the drug manufacturer to fund specific studies or programs that contribute to the cost-effective use of medications provided through government sponsored drug plans. The funds are used by the ministry to conduct these studies and administer the programs. Expenses associated with this initiative are included in the Statement of Operations under the Non-Group Health Benefits expense classification.

(k) This initiative will include the creation of standards for chronic disease data including minimum data sets, information interchange messages and related data definitions, and the capacity to share this data in support of clinical decision making for the primary health care team. It will also include system solutions that integrate this data with existing clinical decision support tools and within existing care delivery models. It will also include the processes necessary to implement this system and ensure its ongoing use within the primary health care teams. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(l) The current Provider Registry System was developed under the direction of the Western Health Information Collaborative (WHIC) and has been implemented by the four Western Canadian provincial partners of WHIC. Alberta has chosen to name the product Alberta Provider Registry. The Infoway Provider Registry Project implements an enhanced version of the Provider Registry System in the province of Alberta over three releases and will implement the Provider Registry System usage into two Health Authorities and four Colleges. Work on this project was delayed and no costs were incurred during the 2003/2004 fiscal year. The project is expected to proceed in 2004/2005.

(m) Health Canada is providing funding to support the development of a National Diabetes Surveillance System. The ministry will use this funding to enhance its capacity for public health surveillance in the area of diabetes and its complications. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(n) Health Canada is providing funding to assist provinces in reporting of adverse reactions to blood products. Health Canada has developed a data collection mechanism and is providing the funds to implement this system. The ministry will use this funding to initiate a consultation process to determine the relevancy of the information, the format the information will be stored and the feasibility of obtaining information to adequately address adverse event reporting requirements. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

Schedule 3

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004		2003
	Budget (Schedule 4)	Actual	Actual (Restated - Note 12)
Voted:			
Grants	$ 7,067,269	$ 7,095,416	$ 6,587,422
Supplies and Services	138,682	109,457	122,221
Salaries, Wages and Employee Benefits	81,127	83,287	74,082
Amortization of Capital Assets	6,132	6,552	2,007
Inventory Consumed	15,750	24,206	-
Other	139	159	149
Total Voted Expenses	$ 7,309,099	$ 7,319,077	$ 6,785,881
Statutory:			
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-offs	$ 41,363	$ 46,723	$ 50,218
Other Write-offs	-	39	45
Provision for Vacation Pay	-	532	635
	$ 41,363	$ 47,294	$ 50,898

Schedule 4

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2003-2004 Budget	Authorized Supplementary [a]	2003-2004 Authorized Budget
Revenues:			
Internal Government Transfers	$ 196,380	$ -	$ 196,380
Transfer from Government of Canada	1,397,172	640	1,397,812
Premiums and Fees	934,459	12,183	946,642
Other Revenue	65,452	9,847	75,299
	2,593,463	22,670	2,616,133
Expenses - Directly Incurred:			
Program			
Regional Health Services	4,112,038	1,000	4,113,038
Province-Wide Services	414,962	-	414,962
Physician Services	1,516,183	-	1,516,183
Non-Group Health Benefits	416,519	15,700	432,219
Allied Health Services	75,358	-	75,358
Protection, Promotion and Prevention	169,795	4,000	173,795
Human Tissue and Blood Services	130,000	-	130,000
Other Provincial Programs	167,475	6,300	173,775
Alberta Alcohol and Drug Abuse Commission	59,963	1,280	61,243
Health Reform	121,726	140	121,866
Ministry Support Services	108,927	1,000	109,927
Systems Development	16,153	450	16,603
	7,309,099	29,870	7,338,969
Statutory Expenses			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	41,363	-	41,363
Provision for Vacation Pay	-	-	-
	41,363	-	41,363
Total Expense	7,350,462	29,870	7,380,332
Net Operating Results	$ (4,756,999)	$ (7,200)	$ (4,764,199)
Equipment / Inventory Purchases	$ 36,930	$ (7,350)	$ 29,580
Capital Investment	$ -	$ 6,350	$ 6,350

[a] Supplementary Estimates (2) was approved on March 11, 2004. Treasury Board, pursuant to section 24 (2) of the Financial Administration Act, approved on December 9, 2003, January 27, 2004 and February 11, 2004 increases in operating expenses, equipment / inventory purchases and capital investment votes under Regional Health Authorities, Non-Group Health Benefits, Protection, Promotion and Prevention, Other Provincial Programs, Health Reform and Systems Development, Alberta Alcohol and Drug Abuse Commission, and dedicated revenue for Health Care Insurance Premiums, Blue Cross Non-Group Premiums and Transfers from the Government of Canada and other revenue.

Schedule 5

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded in the Consolidated Statement of Operations and Financial Position at the amount of consideration agreed upon between the related parties.

	2004	2003
Revenue - Internal Government Transfers	$ 196,830	$ 104,987
Expenses - Directly Incurred:		
Other Services	$ 25,837	$ 25,412
Capital Assets Transferred	$ 100	$ -
Payable to	(624)	(62)

The Ministry receives services under contracts managed by the Department of Government Services, Alberta Corporate Service Centre (ACSC). Any commitments under these contracts are reported by the Department of Government Services (ACSC).

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements and are disclosed in Schedule 6.

	2004	2003
Expenses - Incurred by Others:		
Accommodation	$ 11,827	$ 10,435
Other Services	1,296	1,262
	$ 13,123	$ 11,697

Schedule 6

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004							2003
		Expenses - Incurred by Others		Valuation Adjustments [4]				
	Expenses [1]	Accommodation Costs [2]	Legal Services [3]	Vacation Pay	Health Care Insurance Premiums Revenue Write-Offs	Other Write-Offs	Total	Total (Restated - Note 12)
Program								
Funding to Health Authorities and Provincial Boards for:								
Regional Health Services	$ 4,135,550	$ 95	$ -	$ -	$ -	$ -	$ 4,135,645	$ 3,850,203
Province-Wide Services	414,962	-	-	-	-	-	414,962	418,042
Physician Services	1,571,272	-	-	-	-	-	1,571,272	1,441,543
Non-Group Health Benefits	466,051	-	-	-	-	-	466,051	413,066
Allied Health Services	67,002	-	-	-	-	-	67,002	62,456
Protection, Promotion, and Prevention	168,457	571	-	-	-	-	169,028	141,595
Human Tissue and Blood Services	122,488	-	-	-	-	-	122,488	115,605
Other Provincial Programs	130,348	51	-	-	-	-	130,399	131,625
Alberta Alcohol and Drug Abuse Commission	61,001	7,046	24	251	-	39	68,361	64,417
Health Reform	53,482	-	-	-	-	-	53,482	24,467
Ministry Support Services	112,931	3,808	1,235	281	-	-	118,255	110,525
Systems Development	15,533	256	37	-	-	-	15,826	24,714
Health Care Insurance Premiums Revenue Write-Offs [5]	-	-	-	-	46,723	-	46,723	50,218
	$ 7,319,077	$ 11,827	$ 1,296	$ 532	$ 46,723	$ 39	$ 7,379,494	$ 6,848,476

[1] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) on schedule 5, allocated by square footage.

[3] Costs shown for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.

[4] Valuation Adjustments as per Statement of Operations, Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were as follows:
Vacation Pay - allocated to the program by employee.
Doubtful Accounts Provision - estimated.

[5] Health Care Insurance Premium Revenue Write-Offs relate to Premiums and Fees revenue. These costs cannot be reasonably allocated to other programs of the department.

Department of Health and Wellness

Financial Statements

March 31, 2004

DEPARTMENT OF HEALTH AND WELLNESS

FINANCIAL STATEMENTS

MARCH 31, 2004

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flow

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Schedule 2 - Dedicated Revenue Initiatives

Schedule 3 - Expenses Directly Incurred Detailed by Object

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Schedule 6 - Salaries and Benefits

Schedule 7 - Related Party Transactions

Schedule 8 - Allocated Costs

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Minister of Health and Wellness

I have audited the statement of financial position of the Department of Health and Wellness as at March 31, 2004 and the statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 21, 2004

DEPARTMENT OF HEALTH AND WELLNESS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004		2003
	Budget (Schedule 4)	Actual	Actual (Restated - Note 11)
Revenues (Schedule 1)			
Internal Government Transfers	$ 196,380	$ 196,380	$ 104,987
Transfer from the Government of Canada	1,397,172	1,412,722	950,155
Premiums and Fees	932,821	962,038	935,238
Other Revenue	64,982	80,364	76,755
	2,591,355	2,651,504	2,067,135
Expenses - Directly Incurred (Note 2b (iv) and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	120,913	124,932	118,683
Health Services	7,128,223	7,133,646	6,609,900
Assistance to Alberta Alcohol and Drug Abuse Commission	57,855	57,855	55,822
	7,306,991	7,316,433	6,784,405
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-Offs	41,363	46,723	50,218
Provision for Vacation Pay	-	281	286
	41,363	47,004	50,504
	7,348,354	7,363,437	6,834,909
Net Operating Results	$ (4,756,999)	$ (4,711,933)	$ (4,767,774)

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2004

(in thousands)

	2004	2003 (Restated - Note 11)
ASSETS		
Cash	$ 18,324	$ 13,483
Accounts Receivable (Note 3)	160,948	146,551
Loans and Advances	1	144
Tangible Capital Assets (Note 4)	57,027	50,448
Consumable Inventory	4,917	5,120
	$ 241,217	$ 215,746
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 5)	$ 370,455	$ 403,993
Unearned Revenue (Note 6)	291,249	90,999
	661,704	494,992
NET LIABILITIES		
Net Liabilities at Beginning of Year	(279,246)	(325,118)
Net Operating Results	(4,711,933)	(4,767,774)
Net Transfer from General Revenues	4,570,692	4,813,646
Net Liabilities at End of Year	(420,487)	(279,246)
	$ 241,217	$ 215,746

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004	2003 (Restated - Note 11)
Operating Transactions		
Net Operating Results	$ (4,711,933)	$ (4,767,774)
Non-cash items:		
Amortization of Tangible Capital Assets	6,447	1,924
Inventory consumed	24,206	-
Health Care Insurance Premium Revenue Write-Offs	46,723	50,218
Provision for Vacation Pay	281	286
	$ (4,634,276)	(4,715,346)
(Increase) in Accounts Receivable	(61,120)	(61,744)
(Increase) in Consumable Inventory	-	(5,120)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(33,819)	38,381
Increase (Decrease) in Unearned Revenue	200,250	(42,254)
Cash (applied to) Operating Transactions	(4,528,965)	(4,786,083)
Capital Transactions		
Acquisition of Tangible Capital Assets (Schedule 5)	(13,126)	(16,523)
Acquisition of Consumable Inventory	(24,003)	-
Transfer of Tangible Capital Assets	100	-
Cash (applied to) Capital Transactions	(37,029)	(16,523)
Investing Transactions		
Loans and advances	-	(144)
Repayment of Loans and advances	143	-
Cash Provided (applied to) by Investing Transactions	143	(144)
Financing Transactions		
Net Transfer from General Revenues	4,570,692	4,813,646
Increase in Cash	4,841	10,896
Cash, Beginning of Year	13,483	2,587
Cash, End of Year	$ 18,324	$ 13,483

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

Note 1 Authority and Purpose

The Department of Health and Wellness (the "Department") operates under the authority of the *Government Organization Act*, Statutes of Alberta.

The purpose of the Department is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Department leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Department sets direction, policy and provincial standards that ensure quality services and set priorities based on health needs, determine the scope of financial, capital and human resources required, and measure and report on the performance of the system. The Department is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well-being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Department of Health and Wellness, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable.

Other entities reporting to the Minister are the Regional Health Authorities, the Alberta Cancer Board, the Alberta Mental Health Board, and the Alberta Alcohol and Drug Abuse Commission. The activities of these organizations are not included in these financial statements.

Details on balances and transactions with these entities are disclosed in Notes 3 and 5 and Schedule 5 to the financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

(iii) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

(iv) Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(iv) Expenses (continued)

Directly Incurred

In addition to program operating expenses such as salaries, supplies etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- inventory consumed.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Department's operations are disclosed in Schedule 8.

(v) Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as consumable inventories and bank balance established under the Health Care Insurance Plan.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only charged if the asset is in use. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000. All land is capitalized.

Consumable inventory is valued at the lower of cost and replacement cost and is determined on a first-in, first-out basis.

(vi) Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(vii) Net Liabilities

Net liabilities represents the difference between the carrying value of assets held by the Department and its liabilities.

(viii) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, loans and advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

(ix) Payments under Reciprocal and Other Agreements

The Department entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these financial statements. Amounts paid and recovered under these agreements are disclosed in Note 9.

(x) Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The allowance for doubtful accounts amounting to $124,157 (2003 - $110,993) is subject to measurement uncertainty.

The allowance for doubtful accounts, in the amount of $124,157 (2003 - $110,993) as reported in Note 3 to these financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2004 and past collection patterns. The actual amount collected could vary from that estimated.

Note 3 Accounts Receivable

(in thousands)

	2004			2003
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 281,350	$ 124,157	$ 157,193	$ 144,455
Amounts due from Health Authorities and Provincial Boards	48	-	48	11
Refunds Receivable	3,707	-	3,707	2,085
	$ 285,105	$ 124,157	$ 160,948	$ 146,551

Accounts receivable are unsecured.

Note 4 Tangible Capital Assets

(in thousands)

	2004				2003
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Systems Development					
Work-in-progress					
Wellnet Projects		$ 4,258	$ -	$ 4,258	$ 39,165
Others		3,116	-	3,116	4,927
		7,374	-	7,374	44,092
Computer Hardware and Software	3-10 years	66,585	16,971	49,614	6,309
Equipment	10 years	78	39	39	47
		66,663	17,010	49,653	6,356
		$ 74,037	$ 17,010	$ 57,027	$ 50,448

Note 5 Accounts Payable and Accrued Liabilities

(in thousands)

	2004	2003
Accounts payable	$ 111,659	$ 193,367
Accrued liabilities	219,551	148,255
Amounts due to Health Authorities and Provincial Boards	34,509	57,916
Accrued vacation pay	4,736	4,455
	$ 370,455	$ 403,993

Note 6 Unearned Revenue

(in thousands)

	2004	2003
Changes in unearned revenues are as follows:		
Restricted Cash received during the year:		
Health Care Insurance Premiums	$ 30,447	$ 29,742
Health Services for Persons with Hepatitis C	1,013	921
Third party recoveries	11	3
Health Canada - Canada Health and Social Transfer	248,298	-
	279,769	30,666
Less amounts recognized as revenue in the year	(79,519)	(72,920)
Increase (Decrease) during the year	200,250	(42,254)
Balance at beginning of year	90,999	133,253
Balance at end of year	$ 291,249	$ 90,999
Balances at end of year are comprised of:		
Health Canada - Canada Health and Social Transfer	$ 248,298	$ 49,774
Health Care Insurance Premiums	30,447	29,742
Health Services for Persons with Hepatitis C	12,493	11,480
Third party recoveries	11	3
	$ 291,249	$ 90,999

Note 7 Commitments

(in thousands)

As at March 31, 2004, the Department has the following commitments:

	2004	2003
Specific programs commitments [a]	$ 3,533,251	$ 526,917
Service contracts	58,911	37,679
	$ 3,592,162	$ 564,596

[a] Included in 2004 specific programs commitments is an amount of $2,787,773 (2003 - nil) for the provision of insured medical services by physicians under the agreement signed with the Alberta Medical Association.

Canadian Blood Services

The Province of Alberta is committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $122,488 (2003 - $115,536). Budgeted expenditure for the 2005 fiscal year is estimated at $137,000.

Note 8 Contingencies and Equity Agreements with Voluntary Hospital Owners

Hepatitis C

At March 31, 2004, the Department was named as defendant in forty-one specific legal actions (2003 – forty-nine specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in thirty specific legal actions approximates $555 million (2003 – thirty-five specific legal actions approximates $563 million). For the other eleven claims, no specified amount has yet been claimed (2003 – fourteen claims have no specified amount); the amount of these claims will be determined at trial. Forty of these claims (2003 – forty-seven claims) are covered by the Alberta Risk Management Fund with $81 million specified for twenty-nine claims (2003 - $89 million for thirty-four claims). Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Note 8 Contingencies and Equity Agreements with Voluntary Hospital Owners (continued)

Hepatitis C (continued)

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Department made a provision in 1999/2000 for its portion of the Hepatitis C assistance. At March 31, 2004, the unpaid balance of the Department's commitment to the financial assistance package was $13,721,265 (2003 - $17,942,000).

Equity Agreements with Voluntary Hospital Owners

The Department has a contingent liability for buy-out of equity under Equity Agreements entered into between the Department and Voluntary Hospital Owners. The Department's payout liability is contingent upon termination of the equity agreements and transfer of the hospital assets to the Province. At March 31, 2004, the contingent payout liability upon termination is estimated at $18.9 million (2003 - $21 million).

Notifications to terminate certain equity agreements have been received by the Department. In 2003/2004, the Department expensed $1.7 million (2003 - $8.2 million) representing the equity of the Voluntary Hospital Owners. In turn, the Voluntary Hospital Owners transferred hospital assets to the Crown, as represented by the Minister of Health and Wellness. The Crown, as represented by the Minister of Infrastructure, then transferred the hospital assets to Regional Health Authorities under lease agreements. The Regional Health Authorities will record the hospital assets at their net book value.

Other

At March 31, 2004, the department was named as defendant in twenty other legal actions (2003 – twenty-two legal actions). Twenty of these claims have specified amounts totaling $25 million (2003 – twenty-one claims with a specified amount of $35.8 million). Included in the total legal actions are eighteen claims amounting to $24 million (2003 – nineteen claims amounting to $34.8 million) in which the Department has been jointly named with other entities. Sixteen claims amounting to $21.4 million (2003 – fifteen claims amounting to $21.3 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 9 Payments under Reciprocal and Other Agreements
(in thousands)

The Department entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Department pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include regional health authorities, provincial health boards and physicians.

Note 9 Payments under Reciprocal and Other Agreements (continued)

(in thousands)

The Department also entered into agreements with the Western Provinces and Territories for the Western Health Information Collaborative (WHIC) to explore common opportunities that would meet their health information needs and support the strategic directions and initiatives for health infostructure at the national level. In addition, the Department entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25 (1).

Balances receivable from or payable to the federal government, other provincial governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

	2004					2003
	Western Health Information Collaborative	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable (payable) balance	$ 57	$ 28,175	$ (19)	$ 2,086	$ 30,299	$ 24,739
Add: Payments made during the year	152	130,131	-	3,956	134,239	131,938
	209	158,306	(19)	6,042	164,538	156,677
Less: Collections received during the year	209	134,757	-	2,335	137,301	126,378
Closing receivable (payable) balance	$ -	$ 23,549	$ (19)	$ 3,707	$ 27,237	$ 30,299

Note 10 Defined Benefits Plan

(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $3,264 for the year ended March 31, 2004 (2003 - $2,543).

At December 31, 2003, the Management Employees Pension Plan reported a deficiency of $290,014 (2002 - deficit $301,968) and the Public Service Pension Plan reported an actuarial deficiency of $596,213 (2002 - deficit $175,528). At December 31, 2003, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $9,312 (2002 - $6,472).

Note 10 Defined Benefits Plan (continued)

(in thousands)

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2004, the Bargaining Unit Plan reported an actuarial deficiency of $ 9,766 (2003 - $14,434) and the Management, Opted Out and Excluded Plan an actuarial surplus of $1,298 (2003 – actuarial deficiency of $3,053). The expense for these two plans is limited to employer's annual contributions for the year.

Note 11 Comparative Figures

(in thousands)

Certain 2003 figures have been reclassified to conform to the 2004 presentation.

In 2003/2004, programs were transferred to other ministries. As a result, comparatives have been restated as if the Department had always been assigned its current responsibilities.

	Revenue	Expenses	Net Operating Results	Net Transfers from General Revenues
As previously reported at March 31, 2003	$ 2,069,635	$ 6,839,388	$ (4,769,753)	$ 4,815,625
Transfers to Department of				
Innovation and Science	(2,500)	(2,500)		
Public Affairs Bureau		(1,979)	1,979	(1,979)
Amounts restated at March 31, 2003	$ 2,067,135	$ 6,834,909	$ (4,767,774)	$ 4,813,646

Note 12 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004		2003
	Budget	Actual	Actual (Restated - Note 11)
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 196,380	$ 196,380	$ 104,987
	196,380	196,380	104,987
Transfers from the Government of Canada:			
Canada Health and Social Transfer	1,112,809	1,136,440	931,106
Canada Health and Social Transfer - 2003 Supplement	99,200	99,169	-
Health Reform Fund	99,200	99,676	-
Diagnostic/Medical Equipment Fund	49,600	49,585	-
Other	36,363	27,852	19,049
	1,397,172	1,412,722	950,155
Fees:			
Health care insurance:			
Premiums before premium assistance	895,455	1,058,043	1,032,117
Less:			
Premium assistance under legislation	-	(135,820)	(133,078)
	895,455	922,223	899,039
Add:			
Penalties	16,856	17,398	14,440
Interest and miscellaneous	459	168	396
Health care insurance premiums, penalties and interest	912,770	939,789	913,875
Blue Cross:			
Premiums before premium assistance	20,000	24,174	23,528
Less premium assistance	-	(1,978)	(2,210)
Blue Cross premiums	20,000	22,196	21,318
Total premiums	932,770	961,985	935,193
Other	51	53	45
	932,821	962,038	935,238
Other revenue:			
Third party recoveries	62,333	62,971	58,874
Miscellaneous:			
Previous years' refunds of expenditure	1,400	7,850	15,846
Other	1,249	9,543	2,035
	64,982	80,364	76,755
Total revenues	$ 2,591,355	$ 2,651,504	$ 2,067,135

Schedule 2

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004		
	Authorized Dedicated Revenues	Actual Dedicated Revenues[a]	(Shortfall) / Excess
Health Care Insurance Premiums[b]	$ 922,921	$ 939,789	$ 16,868
Non-Group Drug Benefits[c]	22,032	22,196	164
Primary Health Care Initiative[d]	26,187	24,009	(2,178)
Health Services for Persons with Hepatitis C[e]	8,500	1,687	(6,813)
Alberta Telehealth Initiative[f]	1,050	900	(150)
Multi-Jurisdictional Health Lines[g]	140	81	(59)
Infoway Pharmaceutical Information Network [h]	6,350	4,852	(1,498)
Statistical Information[i]	200	66	(134)
Government Sponsored Drug Plans[j]	700	729	29
Chronic Disease Management Infostructure[k]	500	408	(92)
Infoway Provider Registry Project[l]	500	-	(500)
Diabetes Surveillance[m]	60	60	-
Reporting Adverse Reactions to Blood Products[n]	100	92	(8)
	$ 989,240	$ 994,869	$ 5,629

[a] Revenues from dedicated revenue initiatives are included in the Department's revenues in the Statement of Operations.

[b] Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[c] Albertans can access public or private supplemental health insurance coverage. The Department provides Non-Group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[d] Health Canada is providing funding to support primary health care initiatives that will be undertaken by the province. Total funding of $54.7 million will be provided for this initiative and will be used in the areas of proposal development, Health Link Alberta implementation, capacity-building fund and administration. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[e] Health Canada is providing funding to provide health services to individuals who acquired the Hepatitis C (HCV) virus from blood and blood products prior to Jan. 1, 1986 and after July 1, 1990. The funding will be used to treat the HCV infection using antiviral drug therapies, immunization and nursing care. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[f] The Alberta Telehealth Initiative commenced in 1999, when a donor pledged $14 million and Alberta Health and Wellness dedicated $7 million to the A.H.A. Hospitalta Funding Foundation to assist the Health Authorities purchase and set-up of tele-video conferencing equipment. The core services that make up this initiative include the following: MCU Bridge Services, Scheduling Services, Standards Development, Evaluation and Business Plan Development. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

Schedule 2

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2004
(in thousands)

(g) A collaborative effort among the western provinces and territories is being undertaken to develop a long-term vision of strengthened infrastructure to support and further develop Health Lines across Canada. Health Lines are emerging as part of a new model for access to and delivery of high quality health services. Health Lines offer the potential to significantly alter the way consumers access and use health services, as well as the manner in which providers deliver health services. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(h) The Pharmacy Information Network (PIN) currently focuses on supporting the community drug process. A release of PIN was deployed in a sucessful pilot in 2002. An enhanced release was subsequently implemented into production to a number of sites throughout the province. The next release of PIN supports both browser access and system-to-system messaging access. This release is ready for province-wide implementation. PIN is a critical component of the Alberta Electronic Health Record (EHR) and is being implemented as part of the initial release of the Alberta EHR. Expenses associated with this initiative are included as Capital Investment on Schedule 5.

(i) The department provides statistical information and reports to third party researchers and institutions. The revenue received is used to offset the costs to the department. The expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(j) For new drugs to be considered for inclusion on the department's Drug Benefit List, they must first receive approval from Health Canada for sale in Canada. Once approved, the drug is reviewed by the Alberta Health and Wellness Expert Committee on Drug Evaluation and Therapeutics. Discussions between Alberta Health and Wellness and the drug manufacturer are held to ensure the drug is used as intended. An agreement may be entered into with the drug manufacturer to fund specific studies or programs that contribute to the cost-effective use of medications provided through government sponsored drug plans. The funds are used by the department to conduct these studies and administer the programs. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(k) This initiative will include the creation of standards for chronic disease data including minimum data sets, information interchange messages and related data definitions, and the capacity to share this data in support of clinical decision making for the primary health care team. It will also include system solutions that integrate this data with existing clinical decision support tools and within existing care delivery models. It will also include the processes necessary to implement this system and ensure its ongoing use within the primary health care teams. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(l) The current Provider Registry System was developed under the direction of the Western Health Information Collaborative (WHIC) and has been implemented by the four Western Canadian provincial partners of WHIC. Alberta has chosen to name the product Alberta Provider Registry. The Infoway Provider Registry Project implements an enhanced version of the Provider Registry System in the Province of Alberta over three releases and will implement the Provider Registry System usage into two health authorities and four colleges. Work on this project was delayed and no costs were incurred during the 2003/2004 fiscal year. The project is expected to proceed in 2004/2005.

(m) Health Canada is providing funding to support the development of a National Diabetes Surveillance System. The department will use this funding to enhance its capacity for public health surveillance in the area of diabetes and its complications. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(n) Health Canada is providing funding to assist provinces in reporting of adverse reactions to blood products. Health Canada has developed a data collection mechanism and is providing the funds to implement this system. The department will use this funding to initiate a consultation process to determine the relevancy of the information, the format the information will be stored and the feasibility of obtaining information to adequately address adverse event reporting requirements. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

Schedule 3

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004		2003
	Budget (Schedule 4)	Actual	Actual (Restated - Note 11)
Voted:			
Grants	$ 7,112,712	$ 7,140,614	$ 6,632,942
Supplies and Services	124,405	95,622	105,306
Salaries, Wages and Employee Benefits	47,985	49,402	44,102
Amortization of Tangible Capital Assets	6,000	6,447	1,924
Inventory consumed	15,750	24,206	-
Other	139	142	131
Total Voted Expenses	$ 7,306,991	$ 7,316,433	$ 6,784,405
Statutory:			
Valuation adjustments			
Health Care Insurance Premium Revenue Write-offs	$ 41,363	$ 46,723	$ 50,218
Provision for Vacation Pay	-	281	286
	$ 41,363	$ 47,004	$ 50,504

Schedule 4

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2003 - 2004 Budget	Authorized Supplementary [a]	2003 - 2004 Authorized Budget
Revenues:			
Internal Government Transfers	$ 196,380	$ -	$ 196,380
Transfer from Government of Canada	1,397,172	640	1,397,812
Premiums and Fees	932,821	12,183	945,004
Other Revenue	64,982	8,600	73,582
	2,591,355	21,423	2,612,778
Expenses - Directly Incurred:			
Voted Operating Expenses			
Ministry Support Services	120,913	1,000	121,913
Health Services	7,128,223	27,590	7,155,813
Alberta Alcohol and Drug Abuse Commission	57,855	-	57,855
	7,306,991	28,590	7,335,581
Statutory Expenses			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	41,363	-	41,363
Provision for Vacation Pay	-	-	-
	41,363	-	41,363
Total Expense	7,348,354	28,590	7,376,944
Net Operating Results	$ (4,756,999)	$ (7,167)	$ (4,764,166)
Equipment / Inventory Purchases	$ 36,800	$ (7,350)	$ 29,450
Capital Investment	$ -	$ 6,350	$ 6,350

[a] Supplementary Estimates (No.2) were approved on March 11, 2004. Treasury Board, pursuant to section 24 (2) of the *Financial Administration Act*, approved on January 27, 2004 and February 11, 2004 increases in the operating expenses, equipment / inventory purchases and capital investment votes under the Ministry Support Services and Health Services programs and dedicated revenue for Health Care Insurance Premiums, Blue Cross Non-Group Premiums and Transfers from the Government of Canada and other revenue.

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Expenses - Directly Incurred, Equipment / Inventory Purchases and Capital Investment by Element to Authorized Budget
For the Year Ended March 31, 2004

(in thousands)

Voted Operating Expenses, Equipment / Inventory Purchases and Capital Investment:	Budget 2004	Authorized Supplementary(a)	Authorized Budget 2004	Actual 2004(b)	Under (Over) Expended
Ministry Support Services					
1.0.1 Minister's Office	$ 487	$ -	$ 487	$ 416	$ 71
1.0.2 Deputy Minister's Office	442	-	442	386	56
1.0.3 Public Communications	1,374	-	1,374	1,593	(219)
1.0.4 Strategic Planning Services	6,340	-	6,340	4,804	1,536
1.0.5 Health Information and Accountability					
- Operating Expense	47,941	1,000	48,941	52,937	(3,996)
- Equipment / Inventory Purchases	7,450	(1,000)	6,450	5,924	526
1.0.6 Population Health					
- Operating Expense	12,264	-	12,264	11,500	764
1.0.7 Workforce Services	4,483	-	4,483	5,076	(593)
1.0.8 Corporate Support Services	23,226	-	23,226	25,870	(2,644)
1.0.9 Program Services	19,022	-	19,022	18,368	654
1.0.10 Health Facilities Review Committee	560	-	560	546	14
1.0.11 Mental Health Patient Advocate's Office	348	-	348	159	189
1.0.12 Health Services Utilization and Outcomes Commission	1,400	-	1,400	1,212	188
1.0.13 Premier's Advisory Council on Health	-	-	-	-	-
1.0.14 Health Advisory and Appeal Services	2,927	-	2,927	1,977	950
1.0.15 Standing Policy Committee on Health and Community Living	99	-	99	88	11
Total Ministry Support Services	128,363	-	128,363	130,856	(2,493)
Health Services					
2.1 Physician Services					
2.1.1 Medical Services	1,410,600	-	1,410,600	1,426,694	(16,094)
2.1.2 Alternate Compensation Strategies	29,350	-	29,350	58,472	(29,122)
2.1.3 Rural Initiatives	17,400	-	17,400	17,825	(425)
2.1.4 Medical Education Allowances	58,833	-	58,833	68,281	(9,448)
Total Physician Services	1,516,183	-	1,516,183	1,571,272	(55,089)
2.2 Provincial Programs					
2.2.1 Non-Group Health Benefits	416,519	15,700	432,219	466,052	(33,833)
2.2.2 Allied Health Services	75,358	-	75,358	67,002	8,356
2.2.3 Human Tissue and Blood Services					
- Operating Expense funded by Lotteries	130,000	-	130,000	122,488	7,512
2.2.4 Ambulance Services	56,990	-	56,990	42,795	14,195
2.2.5 Out-of-Province Health Care Costs	52,165	-	52,165	48,688	3,477
2.2.6 Alberta Wellnet					
- Operating Expense	11,390	450	11,840	8,756	3,084
- Equipment / Inventory Purchases	6,350	(6,350)	-	13	(13)
-Capital investments	-	6,350	6,350	5,608	742
2.2.7 Health Services Research					
- Operating Expense	2,800	-	2,800	-	2,800
- Operating Expense funded by Lotteries	5,325	-	5,325	8,075	(2,750)
2.2.8 Health Reform					
- Operating Expense	121,726	140	121,866	53,482	68,384
- Equipment / Inventory Purchases	-	-	-	1,581	(1,581)
2.2.9 Other Support Programs	54,195	6,300	60,495	35,051	25,444
Total Provincial Programs	932,818	22,590	955,408	859,591	95,817

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS

SCHEDULE TO FINANCIAL STATEMENTS

Comparison of Expenses - Directly Incurred, Equipment / Inventory Purchases and Capital Investment by Element to Authorized Budget

For the Year ended March 31, 2004

(in thousands)

Voted Operating Expenses, Equipment / Inventory Purchases and Capital Investment:	Budget 2004	Authorized Supplementary[a]	Authorized Budget 2004	Actual 2004[b]	Under (Over) Expended
2.3 Protection, Promotion, and Prevention					
2.3.1 Vaccines and Sera					
- Operating Expense	25,148	-	25,148	29,035	(3,887)
- Equipment / Inventory Purchases	23,000	-	23,000	24,003	(1,003)
2.3.2 Public Health Laboratories	17,236	-	17,236	20,892	(3,656)
2.3.3 Alberta Aids to Daily Living Benefits	83,005	-	83,005	81,463	1,542
2.3.4 Alberta Wellness Initiative	10,150	-	10,150	9,992	158
2.3.5 Aboriginal Health Strategies					
- Operating Expense funded by Lotteries	2,200	-	2,200	2,200	-
2.3.6 Community-based Health Services Support					
- Operating Expense	10,833	-	10,833	-	10,833
- Operating Expense funded by Lotteries	10,000	-	10,000	12,357	(2,357)
2.3.7 West Nile Virus Response	-	4,000	4,000	3,533	467
Total Protection, Promotion and Prevention	181,572	4,000	185,572	183,475	2,097
2.4 Regional and Provincial-Wide Health Services					
2.4.1 Regional Health Services	4,062,438	1,000	4,063,438	4,085,951	(22,513)
2.4.2 Diagnostic / Medical Equipment	49,600	-	49,600	49,600	-
2.4.3 Province-Wide Services	414,962	-	414,962	414,962	-
Total Funding to Health Authorities and Provincial Boards for regional and province wide health services	4,527,000	1,000	4,528,000	4,550,513	(22,513)
Total Health Services	7,157,573	27,590	7,185,163	7,164,851	20,312
Assistance to Alberta Alcohol and Drug Abuse Commission					
3.0.1 Base Operating Funds for Alberta Alcohol and Drug Abuse Commission					
- Operating Expense funded by Lotteries	48,855	-	48,855	48,855	-
3.0.2 Alberta Tobacco Reduction Strategy	9,000	-	9,000	9,000	-
Total Assistance to Alberta Alcohol and Drug Abuse Commission	57,855	-	57,855	57,855	-
	$ 7,343,791	$ 27,590	$ 7,371,381	$ 7,353,562	$ 17,819
Operating Expense	7,110,611	28,590	7,139,201	7,122,458	16,743
Operating Expense funded by lotteries	196,380	-	196,380	193,975	2,405
Equipment / Inventory Purchases	36,800	(7,350)	29,450	31,521	(2,071)
	7,343,791	21,240	7,365,031	7,347,954	17,077
Capital Investment	-	6,350	6,350	5,608	742
Total Voted - Operating, Equipment/Inventory Purchases & Capital Investment	$ 7,343,791	$ 27,590	$ 7,371,381	$ 7,353,562	$ 17,819
Statutory Expenses					
Valuation Adjustments					
Health Care Insurance Premium Revenue Write-Offs	41,363	-	41,363	46,723	(5,360)
Provision for vacation Pay	-	-	-	281	(281)
Total Statutory Expenses	$ 41,363	$ -	$ 41,363	$ 47,004	$ (5,641)

(a) Supplementary Estimates (2) was approved on March 11, 2004. Treasury Board, pursuant to section 24 (2) of the *Financial Administration Act*, approved on January 27, 2004 and February 11, 2004 increases in the operating expenses and capital investment votes under the Ministry Support Services and Health Services programs and dedicated revenue for Health Care Insurance Premiums, Blue Cross Non-Group Premiums and Transfers from Government of Canada and other revenue.

(b) Includes achievement bonus of $1,177.

Schedule 6

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2004

	2004				2003
	Base Salary [1]	Other Cash Benefits [2]	Other Non cash Benefits [3]	Total	Total
Deputy Minister [4]	163,152	31,857	37,857	232,866	242,871
Assistant Deputy Ministers					
Health Accountability [5]	132,458	17,254	18,599	168,311	166,031
Population Health	122,208	15,563	26,505	164,276	169,001
Health Workforce [6]	111,852	13,773	25,484	151,109	164,739
Program Services	111,056	22,673	24,757	158,486	146,564
Strategic Directions [7]	119,820	18,323	26,230	164,373	169,027
Finance and Corporate Services	128,364	17,254	29,442	175,060	179,591
Health Authorities [8][9]	148,958	19,615	4,783	173,356	-

[1] Base salary includes pensionable base pay.

[2] Other cash benefits include bonuses, vacation payments, overtime and lump sum payments.

[3] Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships and life-long learning.

[4] Automobile provided, no dollar amount is included in other non-cash benefits.

[5] This position was occupied in an acting capacity until July 28, 2003.

[6] This position was occupied in an acting capacity until May 31, 2003.

[7] Previously reported as Assistant Deputy Minister, Strategic Planning.

[8] This position was established on April 14, 2003.

[9] The current incumbent does not participate in the government pension plan, salary includes a compensating amount for pension.

Schedule 7

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2004
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the department. The Entity in the Ministry is the Alberta Alcohol and Drug Abuse Commission.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2004	2003	2004	2003
Revenues				
Grants	$ -	$ -	$ 196,830	$ 107,487
Expenses - Directly Incurred				
Grants	$ 58,355	$ 56,322	$ -	$ -
Other Services	-	-	24,966	25,057
	$ 58,355	$ 56,322	$ 24,966	$ 25,057
Capital Assets Transferred	$ -	$ -	$ 100	$ -

The Department receives services under contracts managed by the Department of Government Services, Alberta Corporate Services Centre (ACSC). Any commitments under these contracts are reported by the Department of Government Services (ACSC).

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2004	2003	2004	2003
Expenses - Directly Incurred				
Accommodation	$ -	$ -	$ 3,424	$ 3,579
Legal	-	-	1,272	1,229
	$ -	$ -	$ 4,696	$ 4,808

Schedule 8

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2004

(in thousands)

	2004						2003
		Expenses - Incurred by Others		Valuation Adjustments [4]			
	Expenses [1]	Accommodation Costs [2]	Legal Services [3]	Vacation Pay	Health Care Insurance Premiums Revenue Write-Offs	Total	Total (Restated - Note 11)
Ministry Support Services	$ 124,932	$ 3,329	$ 1,235	$ 281	$ -	$ 129,777	$ 123,640
Health Services	7,133,646	95	37	-	-	7,133,778	6,610,037
Alberta Alcohol and Drug Abuse Commission	57,855	-	-	-	-	57,855	55,822
Health Care Insurance Premiums Revenue Write-Offs [5]	-	-	-	-	46,723	46,723	50,218
	$ 7,316,433	$ 3,424	$ 1,272	$ 281	$ 46,723	$ 7,368,133	$ 6,839,717

[1] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) on schedule 7, allocated by square footage.

[3] Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

[4] Valuation Adjustments as per Statement of Operations, Employee Benefits and Doubtful Accounts provision included in Valuation Adjustments were as follows:

Vacation Pay - allocated to the program by employee.
Doubtful Accounts Provision - estimated.

[5] Health Care Insurance Premium Revenue Write-Offs relate to Premiums and Fees revenue. These costs cannot be reasonably allocated to other programs of the department.

Alberta Alcohol and Drug Abuse Commission

Financial Statements

March 31, 2004

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Revenues

Schedule of Expenses by Object and Core Business

Schedule of Allocated Costs

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Alberta Alcohol and Drug Abuse Commission

I have audited the statement of financial position of the Alberta Alcohol and Drug Abuse Commission as at March 31, 2004 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 21, 2004

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2004

	2004	2003
ASSETS		
Current Assets:		
Cash (Note 3)	$ 9,692,082	$ 9,725,713
Accounts Receivable	924,889	263,060
Inventory	660,898	515,423
	11,277,869	10,504,196
Capital Assets (Note 4)	290,825	279,315
	$11,568,694	$ 10,783,511
LIABILITIES and ACCUMULATED SURPLUS		
Current Liabilities:		
Accounts Payable	$ 5,457,814	$ 5,425,534
Accrued Vacation Pay	3,355,000	3,104,000
Deferred Contributions (Note 6)	314,870	282,952
Unearned Revenue	29,603	30,664
	9,157,287	8,843,150
Accumulated surplus:		
At beginning of year	1,940,361	620,801
Net operating results	471,046	1,319,560
At end of year	2,411,407	1,940,361
	$11,568,694	$ 10,783,511

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2004

	2004		2003
	Budget (Note 8)	**Actual**	**Actual**
REVENUES (Schedule 1):			
Internal government transfers:			
Department of Health and Wellness	$ 57,855,000	$ 58,355,000	$ 56,322,000
Other revenues:			
Fees	1,638,000	1,491,578	1,511,019
Other	470,000	1,915,069	1,678,742
	59,963,000	61,761,647	59,511,761
EXPENSES – DIRECTLY INCURRED:			
(Schedule 2 and 3, Note 2 (b))			
Programs:			
Community services	30,366,000	27,856,457	27,979,643
Residential treatment services	12,483,000	12,352,328	11,884,250
Detoxification services	8,154,000	7,924,195	7,724,907
Research, information and monitoring	6,990,000	10,553,418	8,071,133
Administration	1,970,000	2,353,203	2,183,268
Accrued vacation pay adjustment	-	251,000	349,000
	59,963,000	61,290,601	58,192,201
Net operating results	$ -	$ 471,046	$ 1,319,560

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Operating Activities:		
Net operating results	$ 471,046	$ 1,319,560
Add non-cash charges:		
Amortization of capital assets	104,526	83,467
	575,572	1,403,027
(Increase) decrease in non-cash working capital	(493,167)	2,424,818
Cash provided by operating activities	82,405	3,827,845
Investing activities:		
Acquisition of capital assets	(116,036)	(162,584)
Net cash (used) provided	(33,631)	3,665,261
Cash at beginning of year	9,725,713	6,060,452
Cash at end of year	$ 9,692,082	$ 9,725,713

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2004

Note 1 Authority and Purpose

The Alberta Alcohol and Drug Abuse Commission (Commission) is an agent of the Crown under the authority of the *Alcohol and Drug Abuse Act*, Chapter A-38, Revised Statutes of Alberta 2000. The Commission is dependent on grants from the Department of Health and Wellness for funding its programs and for meeting its obligations as they become due.

The Commission's purpose is to assist Albertans in achieving a life free from the abuse of alcohol, other drugs and gambling. The Commission does this by providing community-based information, prevention and treatment services.

The Commission is a Government of Alberta agency and is not subject to Canadian taxes.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Revenue Recognition

Operating grants from the Department are recognized as revenue when they are receivable.

Unrestricted donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when it can reasonably be determined.

Externally restricted donations are deferred and are recognized as revenue in the period in which the related expenses are incurred.

(b) Expenses

Directly Incurred

Directly incurred expenses are those costs the Commission has primary responsibility and accountability for, as reflected in the government's budget documents.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Directly incurred expenses are included on Schedules 2 and 3, as well as the Statement of Operations

Incurred by Others

Services contributed by other entities in support of the Commission's operations are disclosed in Schedule 3.

(c) Inventory

Inventory is valued at the lower of cost and replacement cost with cost being determined principally on a first-in, first-out basis.

(d) Tangible Capital Assets

Tangible capital assets are recorded at historical cost net of accumulated amortization. The threshold for capitalizing assets is $5,000. Amortization is provided over the estimated useful lives of the assets as follows:

Furniture and equipment	- 10 years straight-line
Computer equipment and software	- 3 years straight-line

(e) Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service relating to prior years.

(f) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable, accrued liabilities, and unearned revenues are estimated to approximate their book values. Subsequent actual amounts, which may vary from estimates, will impact future financial results.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Financial Instruments

The Commission's financial instruments consist of cash, accounts receivable, accounts payable, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(h) Grants

For the years ended March 31, 2004 and 2003, direct financial assistance was given to 25 not-for-profit organizations operating at arms-length from the Commission.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (Fund) of the Province of Alberta. The Fund is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of three years.

Interest is earned on the Commission's daily cash balance at the average rate of the Fund's earnings, which vary depending on prevailing market interest rates. The Commission retains the interest earned on all of its bank accounts, and reflects it as income. Interest income of $567,759 (2003 $488,394) was earned during the year on this account and is reflected in the financial statements.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 Tangible Capital Assets

Capital assets consist of the following:

	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	$ 528,438	$ 359,729	$ 168,709	$ 176,118
Furniture and equipment	214,819	92,703	122,116	103,197
	$ 743,257	$ 452,432	$ 290,825	$ 279,315

Note 5 Commitments

(a) The Commission leases certain vehicles and equipment under operating leases that expire on various dates through to February 28, 2008. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2004	$ 144,602
2005	$ 90,805
2006	$ 50,887
2007	$ 20,617

(b) The Commission has certain contractual obligations for contracts, which extend into 2005 and 2006. The value of the contractual obligation is $543,050 in 2005 and $20,600 in 2006.

Note 6 Deferred Contributions

Deferred contributions consist of unexpended funds from donations to the Memorial Trust. These are externally restricted contributions to be used to supplement the work of the Commission in the areas of research and education and to acquire capital assets. Changes in deferred contributions are as follows:

	2004	2003
Donation	$ 25,393	$ 36,148
Interest Earned	9,025	7,718
Transferred to Revenue	(2,500)	(4,750)
Increase during the year	31,918	39,116
Balance at beginning of year	282,952	243,836
Balance at end of year	$ 314,870	$ 282,952

Note 7 Pension Costs

The Commission participates in the multi-employer pension plans, Management Employee Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,710,816 for the year ended March 31, 2004 (2003 $1,303,856) and is reflected in Employer Contributions on Schedule 2.

At December 31, 2003, the Management Employees Pension Plan reported an actuarial deficiency of $290,014,000 (2002 – actuarial deficiency $301,968,000) and the Public Service Pension Plan reported an actuarial deficiency of $596,213,000 (2002 – actuarial deficiency $175,528,000). At December 31, 2003, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $9,312,000 (2002 – actuarial surplus $6,472,000).

Note 8 Approvals

(a) Budget

The budget amounts shown on the statement of operations agree with the 2003/04 Government Estimates. The budget amounts shown on Schedules 1 and 2 provide additional revenue information and present expenses by object. The Members of the Commission approved these budgets on April 10, 2003.

The Treasury Board, pursuant to section 24(2) of the *Financial Administration Act*, approved increases in operating expenses relating to the Commissions surplus neutral initiatives. This increase brought the authorized budget for the Commission to $61,243,000.

(b) Financial Statements

These financial statements and accompanying notes were approved on June 17, 2004 by the Members of the Commission.

Note 9 Related Party Transactions

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Commission.

For purposes of this schedule, the related parties are separated into "Entities in the Ministry" which includes only the Department of Health and Wellness, and "Other Entities".

Note 9 Related Party Transactions (continued)

The Commission and its employees paid and collected certain fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

	Entities in the Ministry		Other Entities	
	2004	**2003**	**2004**	**2003**
Revenues:				
Grants	$58,355,000	$56,322,000	$ -	$ -
Expenses:				
Other Services	$ -	$ -	$ 820,752	$ 355,256
Receivable from	$ -	$ -	$ -	$ -
(Payable to)	$ -	$ -	$ (623,589)	$ (62,443)

The Commission also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related parties are estimated based on the costs incurred by the service provider to provide the services. These amounts are not recorded in the financial statements and are disclosed on Schedule 3.

	Entities in the Ministry		Other Entities	
	2004	**2003**	**2004**	**2003**
Expenses:				
Legal Fees	$ -	$ -	$ 24,276	$ 33,277
Accommodation	-	-	7,046,260	6,192,361
	$ -	$ -	$ 7,070,536	$ 6,225,638

Note 10 Federal/Provincial Cost Sharing Agreements

The Province of Alberta recovers part of its contributions to the Commission from the Government of Canada under the Alcohol and Drug Treatment and Rehabilitation (ADTR) agreement and records this recovery in the financial statements of the Department of Health and Wellness. The ADTR claim relating to the Commission's activities for the year ended March 31, 2004 amounts to approximately $1,340,000 (2003 $1,340,000).

Note 11 Salaries, Wages, Benefits and Allowances

	2004				2003
	Base Salary [a]	Other Cash Benefits [b]	Other Non-cash Benefits [c]	Total	Total
Current Executives					
Chairman of the Board [d]	$ 15,256	$ -	$ -	$ 15,256	$ 15,256
Board Members [e]	37,190	-	-	37,190	34,558
Chief Executive Officer [f]	136,188	25,532	34,256	195,976	204,152
Executive Director, Program Services	128,364	18,231	31,763	178,358	169,677
Executive Director, Information Services [h]	92,956	9,360	18,465	120,781	102,879
Executive Director, Corporate Services [h]	96,228	10,266	20,300	126,794	114,114
Director, Provincial Initiatives	95,592	2,688	20,839	119,119	111,473
Director, Urban Services [h]	101,976	2,904	22,403	127,283	125,629
Director, Residential Services	103,548	11,025	21,767	136,340	120,460
Director, District and Youth Services [h]	87,460	2,280	18,030	107,770	-
Director, National Research Coordination [h]	95,166	2,688	19,555	117,409	110,497
Director, Corporate Services [g, h]	65,516	17,825	16,125	99,466	118,058
Director, Human Resources & Learning [h]	-	-	-	-	-

(a) Base Salary includes pensionable base pay.

(b) Other cash benefits include bonuses, vacation payments, overtime, and lump sum payments.

(c) Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, tuition fees, conference fees, and professional memberships.

(d) A new chairperson was appointed during the year.

(e) There were nine Board members in both years.

(f) An amount has not been included in benefits and allowances for the automobile provided to the Chief Executive Officer.

(g) Other cash benefits amounts include vacation payouts totaling $15,137 (2003 $19,825).

(h) The Commission reorganized its corporate structure in December 2003. The former Director of Information Services became an Executive Director, and now has responsibility for Research Services. The former Director of Research is now the Director, National Research Coordination. The Director of Community and Youth Services is now the Director of Urban Services. There is a new Director of District and Youth Services. The Director of Corporate Services position was eliminated and replaced with Directors of Information Technology Services and Financial Services. Those positions now report to a new position, the Executive Director of Corporate Services, which also has responsibility for Human Resources and Learning Services. The Directors of Finance, Information Technology Services, and Human Resource and Learning Services are not members of the senior decision making group and their salaries are not disclosed.

Schedule 1

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2004

		2004		2003
		Budget	Actual	Actual
Internal government transfers:				
Department of Health and Wellness		$ 57,855,000	$ 58,355,000	$ 56,322,000
Other revenues:				
Fees:				
Clients		1,538,000	1,474,910	1,427,064
Seminars		100,000	16,668	83,955
		1,638,000	1,491,578	1,511,019
Other:				
Donations		-	39,248	12,816
Publications		40,000	32,770	36,003
Miscellaneous	- Contracted Services	-	1,151,879	994,774
	- Interest Income (Note 3)	325,000	567,759	488,394
	- Sundry & Misc. at Residential sites	105,000	98,791	123,497
	- General	-	24,622	23,258
		470,000	1,915,069	1,678,742
Total revenues		$ 59,963,000	$ 61,761,647	$ 59,511,761

Schedule 2

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF EXPENSES BY OBJECT and CORE BUSINESS
FOR THE YEAR ENDED MARCH 31, 2004

	2004		2003
EXPENSES BY OBJECT	Budget	Actual	Actual
Manpower:			
Salaries	$26,327,000	$26,197,166	$22,950,927
Employer Contributions	4,594,000	4,721,118	4,098,725
Wages	1,853,000	2,968,776	3,093,324
Allowances and Benefits	368,000	250,128	185,876
	33,142,000	34,137,188	30,328,852
Grants:			
Direct financial assistance to agencies	12,412,000	13,156,184	10,801,867
Other:			
Profession, technical, and labor service	9,836,000	6,076,305	10,931,420
Materials and supplies	2,382,000	2,685,077	2,768,178
Travel and relocation	811,000	973,297	1,122,391
Advertising	349,000	2,571,322	760,175
Rentals	345,000	349,318	324,863
Telephones	302,000	344,099	325,919
Voluntary separation payments	-	249,991	32,959
Freight and postage	78,000	100,765	173,640
Board members' fees	39,000	52,446	49,814
Purchased services - other	38,000	323,525	188,453
Repair and maintenance	37,000	42,027	170,610
Insurance	35,000	22,982	17,232
Amortization	132,000	104,526	83,467
Hosting	25,000	48,631	49,734
Bad debts	-	39,032	45,348
Other operating expenses	-	13,886	17,279
	14,409,000	13,997,229	17,061,482
	$59,963,000	$61,290,601	$58,192,201

Schedule 2 (continued)

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

SCHEDULE OF EXPENSES BY OBJECT and CORE BUSINESS

FOR THE YEAR ENDED MARCH 31, 2004

	2004		2003
EXPENSES BY CORE BUSINESS	**Budget**	**Actual**	**Actual**
Core Business:			
Treatment	$38,299,000	$39,860,850	$37,570,520
Information	12,106,000	12,539,723	11,807,380
Prevention	9,558,000	8,890,028	8,814,301
	$59,963,000	$61,290,601	$58,192,201

Schedule 3

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

SCHEDULE OF ALLOCATED COSTS

FOR THE YEAR ENDED MARCH 31, 2004

	2004					2003
			Expenses Incurred by Others			
	Expenses [a]	Accrued Vacation Pay Adjustment	Legal Services [b]	Accommodation costs [c]	Total Expenses	Total Expenses
Programs:						
Community services	$27,856,457	$142,565	$ -	$ 2,513,656	$ 30,512,678	$ 30,617,579
Residential treatment services	12,352,328	38,441	-	2,041,828	14,432,597	14,242,521
Detoxification services	7,924,195	21,026	-	2,072,231	10,017,452	8,950,211
Research information and monitoring	10,553,418	28,297	-	298,961	10,880,676	8,305,677
Administration	2,353,203	20,671	24,276	119,584	2,517,734	2,301,851
	$61,039,601	$251,000	$ 24,276	$ 7,046,260	$ 68,361,137	$ 64,417,839

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[a] Expenses – Directly Incurred as per Statement of Operations excluding Accrued Vacation pay.

[b] Cost shown for Legal Services in Note 9, allocated by estimated cost incurred by each program.

[c] Costs shown for Accommodation (includes grants in lieu of taxes) in Note 9, allocated by square footage.

The following information is Unaudited

MINISTRY OF HEALTH AND WELLNESS

STATEMENT OF REMISSIONS, COMPROMISES AND WRITE-OFFS

FOR THE YEAR ENDED MARCH 31, 2004
(UNAUDITED)
(in thousands)

	2004	2003
Remissions:		
Third Party Recoveries	$ 10	$ -
Compromises:		
Health Care Insurance Premiums	153	109
Write-offs:		
Health Care Insurance Premiums	30,374	24,072
Medical Claim Recoveries	1,150	1,926
Penalties, Interest and Miscellaneous Charges	892	853
Third Party Recoveries	-	5
Total Remissions, Compromises and Write-offs	$ 32,579	$ 26,965

The above statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

MINISTRY OF HEALTH AND WELLNESS
STATEMENT OF EXPENSES BY CORE BUSINESS
FOR THE YEAR ENDED: MARCH 31, 2004

(UNAUDITED)
(thousands of dollars)

	2004		2003
Core Business	Budget	Actuals	Actuals [a]
Delivery of Quality Health Services	$ 7,042,141	$ 7,053,396	$ 6,556,432
Encourage and Support Healthy Living	308,321	312,975	280,347
	$ 7,350,462	$ 7,366,371	$ 6,836,779

[a] The 2003 comparatives have been restated to conform to 2004 presentation.

Other Information

Health Authority Highlights

This section highlights the financial results of the nine regional health authorities, the Alberta Mental Health Board and the Alberta Cancer Board (the "health authorities.")

The section was compiled from the health authorities' audited financial statements for the fiscal year ended March 31, 2004. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and Alberta Health and Wellness' Financial Directive 21.

Operating Results

- For fiscal year 2003/2004, health authorities reported a total operating deficit of $140 million. This compares to a prior year deficit of $72 million. Of the eleven health authorities, ten reported a deficit.
- Total 2003/2004 expense was $5.7 billion, compared to $5.3 billion in the prior year – a 7 per cent increase, of which 4 per cent related to salaries. A total of 48,035 Full Time Equivalents were employed by the health authorities in the year.
- Total administration costs in 2003/2004 were $187 million (2003 $186 million) or 3.3 per cent of health authority expenditures (3.5 per cent 2003.)

Financial Position

- The health authorities reported total net assets of $236 million as at March 31, 2004, a decrease of $140 million from the prior year.
- Total health authority long-term debt at March 31, 2004 was $27 million, down from $28 million at March 31, 2003.

Capital Assets

- In 2003/2004 health authorities spent $397 million on capital assets. Of this amount, $166 million was spent on new equipment and $231 million on infrastructure.

- In 2003/2004 the Government of Canada committed $149 million over three years to Alberta for the purchase of diagnostic and medical equipment. The 2003/2004 allocation was $50 million. Of this amount, $47 million or 94 per cent was spent in 2003/2004, with a modest balance carried forward to be spent in 2004/2005.

Additional Information

- Effective March 31, 2003, the Minister of Health and Wellness disestablished the seventeen regional health authority boards and created nine new regional health authority boards to be effective April 1, 2003.

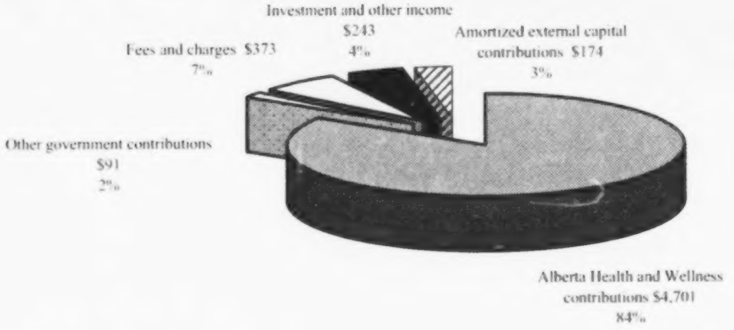
- On April 1, 2003, in response to a recommendation of the Premier's Advisory Council on Health, mental health programs, services and facilities were transferred and integrated into Alberta's regional health authority system.

- On June 30, 2004, the Minister of Health and Wellness announced that an additional $350 million would be invested in the health authorities to eliminate their 2003/2004 accumulated deficits and to provide additional capital and operating funds for 2004/2005.

- Copies of the health authorities' audited financial statements are included in Section II of the Ministry Annual Report.

HEALTH AUTHORITIES
2003/2004 ACTUAL REVENUE
($ millions)

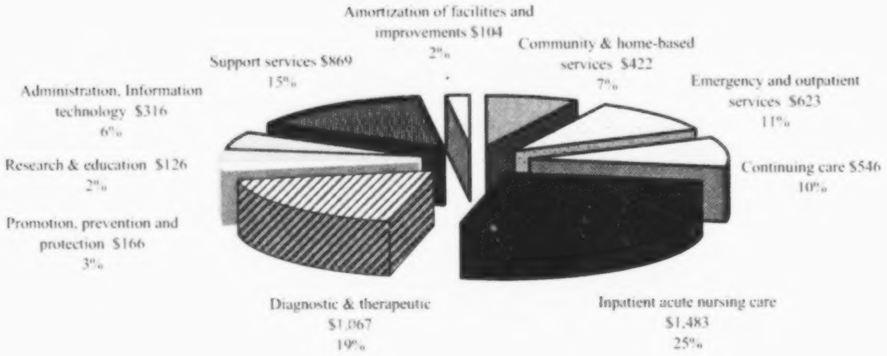
Chart I



TOTAL $5,582

HEALTH AUTHORITIES
2003/2004 ACTUAL EXPENSES
($ millions)

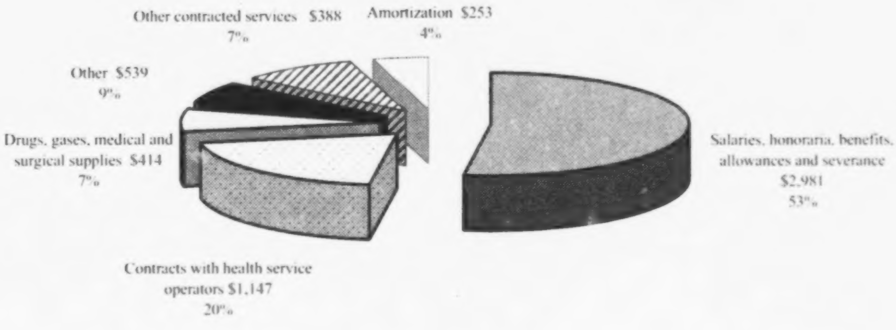
Chart II



TOTAL $5,722

HEALTH AUTHORITIES
2003/2004 ACTUAL EXPENSES BY OBJECT
($ millions)

Chart III



TOTAL $5,722

TABLE I

HEALTH AUTHORITY SUMMARY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2004
(Thousands of dollars)

	2003/04 BUDGET	2003/04 ACTUAL	% OF TOTAL	CHANGES FROM 2002/03 $	CHANGES FROM 2002/03 %	2002/03 ACTUAL *(Restated)*	% OF TOTAL
REVENUE							
Alberta Health and Wellness contributions	4,700,799	4,701,050	84.3%	234,772	5.3%	4,466,278	85.0%
Other government contributions	73,422	90,584	1.6%	11,002	13.8%	79,582	1.5%
Fees and charges	361,144	373,110	6.7%	42,215	12.8%	330,895	6.3%
Ancillary operations, net	17,313	10,184	0.2%	(3,961)	(28.0%)	14,145	0.3%
Donations	16,551	13,502	0.2%	(9,007)	(40.0%)	22,509	0.4%
Investment and other income	206,689	219,484	3.9%	40,264	22.5%	179,220	3.4%
Amortized external capital contributions	167,183	173,694	3.1%	12,410	7.7%	161,284	3.1%
TOTAL REVENUE	5,543,101	5,581,608	100.0%	327,695	6.2%	5,253,913	100.0%
EXPENSE							
Facility-based inpatient acute nursing care services	1,469,684	1,483,044	25.9%	96,174	6.9%	1,386,870	26.1%
Facility-based emergency and outpatient services	609,624	622,487	10.9%	81,364	15.0%	541,123	10.2%
Facility-based continuing care services	545,314	546,187	9.5%	23,771	4.6%	522,416	9.8%
Community & home-based services	424,979	421,595	7.4%	24,724	6.2%	396,871	7.5%
Diagnostic & therapeutic services	1,061,248	1,067,340	18.7%	77,786	7.9%	989,554	18.6%
Promotion, prevention and protection services	168,740	165,966	2.9%	9,128	5.8%	156,838	2.9%
Research & education	126,521	126,351	2.2%	17,162	15.7%	109,189	2.1%
Administration	195,996	187,380	3.3%	1,017	0.5%	186,363	3.5%
Information technology	123,867	128,381	2.2%	18,516	16.9%	109,865	2.1%
Support services	865,245	868,860	15.2%	48,356	5.9%	820,504	15.4%
Amortization of facilities and improvements	101,003	102,165	1.8%	7,059	7.4%	95,106	1.8%
Capital assets write down	-	-	0.0%	(5,594)	0.0%	5,594	0.1%
TOTAL EXPENSE before extraordinary item	5,692,221	5,719,756	100.0%	399,463	7.5%	5,320,293	100.0%
Extraordinary Item - Restructuring/Legal costs AMHB	2,375	2,079		(3,324)		5,403	
TOTAL EXPENSE	5,694,596	5,721,835		396,139	7.4%	5,325,696	
Excess (deficiency) of revenue over expense	(151,495)	(140,227)		(68,444)		(71,783)	

TABLE II

HEALTH AUTHORITY
FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2004
(Thousands of dollars)

	CHINOOK REGIONAL HEALTH AUTHORITY			PALLISER HEALTH REGION			CALGARY HEALTH REGION			DAVID THOMPSON REGIONAL HEALTH AUTHORITY		
	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*
REVENUE												
Alberta Health and Wellness contributions	216,582	216,851	208,168	121,809	121,809	116,109	1,557,244	1,554,320	1,464,125	400,212	387,597	372,862
Other government contributions	2,614	3,661	2,756	3,550	3,550	3,504	22,061	22,709	20,270	5,400	12,759	10,402
Fees and charges	14,065	16,436	14,284	13,711	14,443	12,262	122,633	123,150	107,595	29,265	27,690	22,982
Ancillary operations, net	491	208	325	199	254	337	9,857	10,069	7,627	400	440	322
Donations	239	391	346	300	264	520	8,646	6,170	14,271	900	752	1,123
Investment and other income	4,429	5,208	4,232	2,507	2,584	2,468	73,948	71,586	64,207	7,674	10,088	7,995
Amortized external capital contributions	9,919	9,876	9,555	4,984	5,290	6,080	48,542	49,544	43,142	14,700	16,351	14,214
TOTAL REVENUE	248,339	252,631	239,666	147,060	148,194	141,280	1,842,931	1,837,548	1,721,237	458,551	455,677	429,900
EXPENSE												
Facility-based inpatient acute nursing care services	62,068	63,560	62,798	36,813	37,869	35,383	524,834	541,420	497,291	129,720	123,990	116,888
Facility-based emergency and outpatient services	15,296	16,302	14,948	6,813	7,291	6,529	231,176	238,818	205,313	38,520	39,660	33,595
Facility-based continuing care services	33,539	34,449	32,561	20,368	20,442	20,655	152,301	152,615	147,663	53,774	54,230	51,237
Community & home-based services	27,143	26,025	23,182	13,167	12,959	12,413	143,972	142,828	131,951	23,296	20,806	21,186
Diagnostic & therapeutic services	44,293	43,860	42,260	25,307	26,089	24,312	369,062	370,981	343,369	77,913	77,890	77,711
Promotion, prevention and protection services	10,027	10,207	9,377	4,333	4,078	3,848	46,844	46,337	41,216	15,228	16,068	15,413
Research & education	-	-	-	-	-	-	22,778	22,271	18,897	-	289	15
Administration	10,695	10,955	10,390	6,232	5,908	5,718	58,377	54,117	49,934	21,625	20,785	20,447
Information technology	5,621	6,222	4,689	2,311	2,120	1,655	39,658	40,455	39,494	8,707	9,584	6,870
Support services	41,705	44,532	40,936	29,993	29,751	27,641	251,883	252,503	231,740	99,887	98,825	93,483
Amortization of facilities and improvements	7,210	6,940	6,899	3,200	3,239	4,206	27,046	26,059	22,956	9,969	11,627	10,675
Capital assets write down	-	-	-	-	-	-	-	-	-	-	-	597
TOTAL EXPENSE before extraordinary item	257,597	263,052	248,040	148,537	149,746	142,360	1,867,931	1,888,404	1,729,824	478,639	473,754	448,117
Extraordinary Item - Restructuring Legal costs AMHB												
TOTAL EXPENSE	257,597	263,052	248,040	148,537	149,746	142,360	1,867,931	1,888,404	1,729,824	478,639	473,754	448,117
Excess (deficiency) of revenue over expense	(9,258)	(10,421)	(8,374)	(1,477)	(1,552)	(1,080)	(25,000)	(50,856)	(8,587)	(20,088)	(18,077)	(18,217)

TABLE II

HEALTH AUTHORITY
FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2004
(Thousands of dollars)

	EAST CENTRAL HEALTH			CAPITAL HEALTH			ASPEN REGIONAL HEALTH AUTHORITY			PEACE COUNTRY HEALTH		
	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*
REVENUE												
Alberta Health and Wellness contributions	154,301	154,810	149,475	1,658,382	1,672,222	1,588,805	174,585	174,585	169,527	157,298	156,670	149,034
Other government contributions	2,928	3,888	4,251	29,770	36,884	24,603	3,333	3,677	6,814	1,732	1,682	2,005
Fees and charges	16,681	17,977	15,866	126,869	134,630	123,030	16,923	17,521	15,064	13,569	12,981	11,924
Ancillary operations, net	12	61	19	5,284	(2,206)	4,723	62	191	(21)	336	731	378
Donations	-	332	314	-	-	-	400	262	539	290	540	446
Investment and other income	1,560	3,312	1,393	84,751	87,698	69,832	4,008	4,708	4,880	2,956	4,402	4,551
Amortized external capital contributions	4,389	4,512	4,768	53,500	56,326	48,787	7,694	7,273	8,369	8,404	8,418	10,546
TOTAL REVENUE	179,871	184,892	176,086	1,958,556	1,985,554	1,859,780	207,005	208,217	205,172	184,585	185,424	178,884
EXPENSE												
Facility-based inpatient acute nursing care services	33,083	31,211	30,523	568,300	568,304	531,936	32,420	31,443	31,046	42,186	43,588	42,020
Facility-based emergency and outpatient services	5,082	8,181	6,586	210,801	210,487	186,239	16,562	17,276	15,610	15,695	15,757	13,016
Facility-based continuing care services	37,331	36,525	34,999	196,925	197,476	186,903	30,027	28,265	27,984	17,722	18,782	17,038
Community & home-based services	22,391	23,270	18,606	129,587	131,252	122,423	23,307	22,286	24,319	15,732	15,753	15,350
Diagnostic & therapeutic services	27,137	26,266	25,103	379,952	381,693	347,250	37,183	36,122	34,740	33,552	33,542	31,067
Promotion, prevention and protection services	4,867	5,383	5,572	49,617	49,696	43,842	9,751	8,421	11,821	9,365	8,312	8,588
Research & education	60	63	60	77,757	78,483	68,074	-	-	9	-	33	89
Administration	12,754	11,959	11,132	50,392	50,711	49,691	7,891	8,279	10,761	10,438	10,438	10,766
Information technology	2,263	3,599	2,355	50,258	50,599	37,689	2,919	1,903	2,326	3,765	4,111	3,771
Support services	43,371	43,621	40,040	274,123	275,298	262,425	47,761	49,080	49,344	37,153	37,757	37,750
Amortization of facilities and improvements	3,300	3,264	3,933	31,723	32,634	28,651	5,850	5,239	5,627	6,081	6,308	5,613
Capital assets write down	-	-	-	-	-	595	-	-	1,914	-	-	2,402
TOTAL EXPENSE before extraordinary item	191,639	193,342	178,909	2,019,435	2,026,633	1,865,718	213,671	208,314	215,501	191,689	194,381	187,470
Extraordinary Item - Restructuring/Legal costs AMHB												
TOTAL EXPENSE	191,639	193,342	178,909	2,019,435	2,026,633	1,865,718	213,671	208,314	215,501	191,689	194,381	187,470
Excess (deficiency) of revenue over expense	(11,768)	(8,450)	(2,823)	(60,879)	(41,079)	(5,938)	(6,666)	(97)	(10,329)	(7,104)	(8,957)	(8,586)

TABLE II

HEALTH AUTHORITY
FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2004
(Thousands of dollars)

	NORTHERN LIGHTS HEALTH REGION			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*
REVENUE												
Alberta Health and Wellness contributions	61,156	60,355	55,320	35,476	34,918	36,028	163,754	166,913	156,825	4,700,799	4,701,050	4,466,278
Other government contributions	859	723	1,853	134	390	2,119	1,041	661	1,005	73,422	90,584	79,582
Fees and charges	3,628	3,782	3,853	-	-	-	3,800	4,500	4,035	361,144	373,110	330,895
Ancillary operations, net	45	15	(52)	-	-	-	627	421	487	17,313	10,184	14,145
Donations	-	224	199	26	50	-	5,750	4,517	4,751	16,551	13,502	22,509
Investment and other income	622	1,217	847	698	930	772	23,536	27,751	18,043	206,689	219,484	179,220
Amortized external capital contributions	3,713	3,673	3,713	338	376	985	11,000	12,055	11,125	167,183	173,694	161,284
TOTAL REVENUE	70,023	69,989	65,733	36,672	36,664	39,904	209,508	216,818	196,271	5,543,101	5,581,608	5,253,913
EXPENSE												
Facility-based inpatient acute nursing care services	16,161	16,880	16,116	11,863	11,952	11,498	12,236	12,827	11,371	1,469,684	1,483,044	1,386,870
Facility-based emergency and outpatient services	4,578	5,050	4,429	5,240	4,906	5,160	59,861	58,759	49,698	609,624	622,487	541,123
Facility-based continuing care services	3,327	3,403	3,376	-	-	-	-	-	-	545,314	546,187	522,416
Community & home-based services	4,165	4,049	5,088	442	446	3,471	21,777	21,921	18,882	424,979	421,595	396,871
Diagnostic & therapeutic services	12,551	12,374	11,646	4,242	4,274	4,240	50,056	54,249	47,856	1,061,248	1,067,340	989,554
Promotion, prevention and protection services	5,879	4,904	5,264	3,500	3,407	3,554	9,329	9,153	8,343	168,740	165,966	156,838
Research & education		-	132	1,165	926	1,122	24,761	24,286	20,791	126,521	126,351	109,189
Administration	4,033	3,859	4,574	6,943	4,557	7,732	6,616	5,812	5,218	195,996	187,380	186,363
Information technology	1,385	1,693	1,296	448	962	2,602	6,532	7,133	7,118	123,867	128,381	109,865
Support services	13,321	13,115	12,610	3,279	3,345	5,015	22,769	21,033	19,520	865,245	868,860	820,504
Amortization of facilities and improvements	2,333	2,360	2,344	-	-	-	4,291	4,495	4,202	101,003	102,165	95,106
Capital assets write down	-	-	86	-	-	-	-	-	-	-	-	5,594
TOTAL EXPENSE before extraordinary item	67,733	67,687	66,961	37,122	34,775	44,394	218,228	219,668	192,999	5,692,221	5,719,756	5,320,293
Extraordinary Item - Restructuring/Legal costs AMHB				2,375	2,079	5,403				2,375	2,079	5,403
TOTAL EXPENSE	67,733	67,687	66,961	39,497	36,854	49,797	218,228	219,668	192,999	5,694,596	5,721,835	5,325,696
Excess (deficiency) of revenue over expense	2,290	2,302	(1,228)	(2,825)	(190)	(9,893)	(8,720)	(2,850)	3,272	(151,495)	(140,227)	(71,783)

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004

(Thousands of dollars)

	CHINOOK	PALLISER	CALGARY	DAVID THOMPSON	EAST CENTRAL	CAPITAL HEALTH	ASPEN
ASSETS							
Cash and temporary investments	7,513	5,531	173,260	59,356	13,015	150,500	23,477
Accounts receivable	4,498	3,261	38,983	7,217	3,242	44,747	5,853
Contributions receivable from Alberta Health and Wellness	830	464	13,306	1,400	1,196	14,165	2,115
Inventories	2,112	858	19,003	5,247	521	10,289	1,489
Prepaid expenses	1,593	308	3,098	1,413	-	40,490	864
Current Assets	16,546	10,422	247,650	74,633	17,974	260,191	33,798
Non-current cash and investments	19,458	24,431	87,523	25,631	12,057	203,738	14,450
Capital assets	175,775	71,188	802,763	380,174	82,966	844,934	127,971
Other assets	7,967	6,390	12,017	21,652	-	28,392	2,629
TOTAL ASSETS	219,746	112,431	1,149,953	502,090	112,997	1,337,255	178,848
LIABILITIES, NET ASSETS AND ENDOWMENTS							
Accounts payable and accrued liabilities	22,615	10,768	157,093	55,301	16,720	153,284	16,912
Accrued vacation pay	9,559	5,893	67,884	18,020	5,032	64,825	8,463
Deferred contributions	4,036	5,396	29,948	14,518	3,227	84,135	7,272
Current portion of long term debt	71	-	204	612	-	378	-
Current Liabilities	36,281	22,057	255,129	88,451	24,979	302,622	32,647
Deferred contributions	3,869	6,390	30,336	22,334	872	53,366	2,629
Deferred capital contributions	10,444	-	60,739	24,536	11,185	168,152	5,599
Long-term debt	233	-	16,927	-	-	8,054	-
Unamortized external capital contributions	162,904	64,676	703,641	349,793	77,730	721,458	117,153
Other liabilities	68	-	16,625	-	-	14,492	-
TOTAL LIABILITIES	213,799	93,123	1,083,397	485,114	114,766	1,268,144	158,028
NET ASSETS AND ENDOWMENTS							
Accumulated surplus (deficit)	(6,771)	12,796	(24,002)	(12,368)	(7,005)	(32,010)	10,002
Investment in capital assets	12,568	6,512	90,558	29,344	5,236	101,121	10,818
Endowments	150	-	-	-	-	-	-
TOTAL NET ASSETS AND ENDOWMENTS	5,947	19,308	66,556	16,976	(1,769)	69,111	20,820
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	219,746	112,431	1,149,953	502,090	112,997	1,337,255	178,848

CASH FLOWS

	CHINOOK	PALLISER	CALGARY	DAVID THOMPSON	EAST CENTRAL	CAPITAL HEALTH	ASPEN
Cash generated from (used by) operating activities	(23)	1,474	12,577	(22,935)	(148)	31,684	6,735
Cash used by investing activities	(13,706)	(6,164)	(90,319)	(49,960)	(5,540)	(126,402)	(9,504)
Cash generated from financing activities	9,128	2,681	104,753	62,357	4,093	84,178	9,131
Increase (decrease) in cash and cash equivalent	(4,601)	(2,009)	27,011	(10,538)	(1,595)	(10,540)	6,362
Cash and cash equivalent, beginning of year	12,114	7,540	146,249	69,894	14,610	161,040	17,115
Cash and cash equivalent, end of year	7,513	5,531	173,260	59,356	13,015	150,500	23,477
Non-current cash and investments, end of year	19,458	24,431	87,523	25,631	12,057	203,738	14,450
Total cash, cash equivalent and non-current investments, end of year	26,971	29,962	260,783	84,987	25,072	354,238	37,927

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004

(Thousands of dollars)

	PEACE	NORTHERN LIGHTS	ALBERTA MENTAL HEALTH BOARD	ALBERTA CANCER BOARD	HEALTH AUTHORITY TOTAL 2004	HEALTH AUTHORITY TOTAL 2003 *(Restated)*
ASSETS						
Cash and temporary investments	4,955	13,112	7,716	8,489	466,924	475,643
Accounts receivable	4,886	1,433	162	9,003	123,285	124,039
Contributions receivable from Alberta Health and Wellness	5,861	865	745	2,060	43,007	70,917
Inventories	963	555	-	4,508	45,545	44,641
Prepaid expenses	927	636	687	594	50,610	53,185
Current Assets	17,592	16,601	9,310	24,654	729,371	768,425
Non-current cash and investments	6,076	4,201	523	33,301	431,389	507,150
Capital assets	189,268	80,266	433	134,761	2,890,499	2,759,486
Other assets	1,734	907	-	-	81,688	47,061
TOTAL ASSETS	214,670	101,975	10,266	192,716	4,132,947	4,082,122
LIABILITIES, NET ASSETS AND ENDOWMENTS						
Accounts payable and accrued liabilities	18,886	9,691	1,952	26,042	489,264	440,037
Accrued vacation pay	7,952	2,369	175	4,736	194,908	182,098
Deferred contributions	1,606	1,544	464	14,507	166,653	149,049
Current portion of long term debt	-	480	-	-	1,745	2,464
Current Liabilities	28,444	14,084	2,591	45,285	852,570	773,648
Deferred contributions	-	5	-	-	119,801	128,974
Deferred capital contributions	6,743	5,103	-	4,212	296,713	317,662
Long-term debt	-	-	-	-	25,214	25,861
Unamortized external capital contributions	178,135	76,429	327	119,693	2,571,939	2,429,862
Other liabilities	-	-	-	-	31,185	30,414
TOTAL LIABILITIES	213,322	95,621	2,918	169,190	3,897,422	3,706,421
NET ASSETS AND ENDOWMENTS						
Accumulated surplus (deficit)	(9,785)	2,517	7,242	8,458	(50,926)	87,986
Investment in capital assets	11,133	3,837	106	15,068	286,301	287,565
Endowments	-	-	-	-	150	150
TOTAL NET ASSETS AND ENDOWMENTS	1,348	6,354	7,348	23,526	235,525	375,701
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	214,670	101,975	10,266	192,716	4,132,947	4,082,122
CASH FLOWS						
Cash generated from (used by) operating activities	(4,631)	7,323	(16,020)	8,074	24,110	50,199
Cash used by investing activities	(9,174)	(12,064)	527	(17,184)	(339,490)	(335,573)
Cash generated from financing activities	7,059	11,774	13	11,494	306,661	288,174
Increase (decrease) in cash and cash equivalent	(6,746)	7,033	(15,480)	2,384	(8,719)	2,800
Cash and cash equivalent, beginning of year	11,701	6,079	23,196	6,105	475,643	472,843
Cash and cash equivalent, end of year	4,955	13,112	7,716	8,489	466,924	475,643
Non-current cash and investments, end of year	6,076	4,201	523	33,301	431,389	507,150
Total cash, cash equivalent and non-current investments, end of year	11,031	17,313	8,239	41,790	898,313	982,793

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2004
(Thousands of dollars)

	CHINOOK			PALLISER			CALGARY			DAVID THOMPSON		
	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*
Salaries, honoraria, benefits, allowances and severance	147,830	151,796	144,642	86,616	87,334	83,629	978,943	985,924	897,240	337,431	322,291	300,492
Contracts with health service operators	40,501	42,860	38,080	25,383	24,583	22,742	360,258	358,072	330,191	18,944	21,881	17,930
Contracts under the Health Care Protection Act	-	-	-	-	-	-	6,036	5,998	6,139	-	-	-
Drugs, gases, medical and surgical supplies	10,201	10,821	10,235	6,650	6,940	6,330	152,525	154,797	139,418	16,163	20,347	19,576
Other contracted services	18,980	16,167	16,898	7,360	7,694	7,154	171,959	158,851	144,690	24,383	24,437	26,357
Interest on long-term debt	52	16	59	-	-	-	-	-	-	35	31	37
Other	28,728	29,762	27,509	17,144	17,403	16,289	146,735	173,461	166,377	67,551	68,842	69,882
Amortization:												
Capital equipment - internally funded	2,577	3,012	2,207	1,400	1,442	1,066	14,508	14,986	14,762	2,432	3,738	3,362
Capital equipment - externally funded	2,906	3,101	2,761	1,500	1,767	1,590	25,268	26,905	23,082	4,731	4,724	3,975
Facilities and Improvements	7,248	6,984	6,944	3,484	3,552	4,519	27,046	26,911	23,706	9,969	11,627	10,675
Capital assets write down - equipment	-	-	16	-	-	-	-	-	-	-	-	597
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	-	-	-	-
	259,023	264,519	249,351	149,537	150,715	143,319	1,883,278	1,905,905	1,745,605	481,639	477,918	452,883
Less amounts reported in ancillary operations	(1,426)	(1,467)	(1,311)	(1,000)	(969)	(959)	(15,347)	(17,501)	(15,781)	(3,000)	(4,164)	(4,766)
TOTAL EXPENSES	257,597	263,052	248,040	148,537	149,746	142,360	1,867,931	1,888,404	1,729,824	478,639	473,754	448,117

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2004

(Thousands of dollars)

	EAST CENTRAL			CAPITAL HEALTH			ASPEN			PEACE		
	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*
Salaries, honoraria, benefits, allowances and severance	70,840	73,600	68,042	972,819	974,170	885,002	128,938	125,268	129,398	128,695	128,254	119,044
Contracts with health service operators	91,816	85,875	77,888	540,053	540,164	504,055	26,285	26,681	22,728	5,079	5,527	5,336
Contracts under the Health Care Protection Act	-	-	-	3,768	3,270	3,220	-	-	-	-	-	-
Drugs, gases, medical and surgical supplies	2,328	2,731	2,630	152,461	150,352	138,384	6,424	6,594	6,862	7,469	7,892	7,683
Other contracted services	7,315	8,842	6,973	112,510	116,974	111,514	10,007	10,174	10,326	12,379	12,422	13,109
Interest on long-term debt	-	-	-	682	497	584	-	-	2	-	-	-
Other	15,861	17,785	18,149	185,587	183,700	181,955	33,076	31,375	36,794	27,847	30,996	31,120
Amortization:												
Capital equipment - internally funded	402	644	677	20,000	27,699	18,851	2,385	1,880	2,273	2,000	1,138	1,918
Capital equipment - externally funded	744	1,266	1,247	30,445	31,978	22,848	1,794	2,151	1,984	2,324	2,576	2,606
Facilities and Improvements	3,244	3,264	3,933	33,055	34,489	29,543	5,918	5,285	5,281	6,081	6,291	5,626
Capital assets write down - equipment	-	-	-	-	5,784	848	-	-	1,761	-	13	(35)
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	190	-	-	2,420
	192,550	194,007	179,539	2,051,380	2,069,077	1,896,804	214,827	209,408	217,599	191,874	195,109	188,827
Less amounts reported in ancillary operations	(911)	(665)	(630)	(31,945)	(42,444)	(31,086)	(1,156)	(1,094)	(2,098)	(185)	(728)	(1,357)
TOTAL EXPENSES	191,639	193,342	178,909	2,019,435	2,026,633	1,865,718	213,671	208,314	215,501	191,689	194,381	187,470

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2004
(Thousands of dollars)

	NORTHERN LIGHTS			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL	2003/04 BUDGET	2003/04 ACTUAL	2002/03 ACTUAL *(Restated)*
Salaries, honoraria, benefits, allowances and severance	44,837	43,269	42,250	3,138	3,716	28,298	84,090	84,928	74,800	2,984,177	2,980,550	2,772,837
Contracts with health service operators	3,387	3,627	3,644	29,270	28,454	9,082	-	-	-	1,140,976	1,137,724	1,031,676
Contracts under the Health Care Protection Act	-	-	-	-	-	-	-	-	-	9,804	9,268	9,359
Drugs, gases, medical and surgical supplies	-	2,250	2,256	-	-	636	49,769	51,529	42,900	403,990	414,253	376,910
Other contracted services	-	2,891	3,817	2,364	1,745	3,233	26,369	27,317	25,048	393,626	387,514	369,119
Interest on long-term debt	-	-	-	-	-	-	-	-	-	769	544	682
Other	15,521	12,235	11,528	4,365	2,516	5,758	47,244	45,341	40,303	589,659	613,416	605,664
Amortization:										-	-	-
Capital equipment - internally funded	395	471	488	22	47	472	3,200	3,067	2,894	49,321	58,124	48,970
Capital equipment - externally funded	1,410	1,353	1,478	338	376	985	6,899	7,574	6,939	78,359	83,771	69,495
Facilities and Improvements	2,333	2,529	2,343	-	-	-	4,480	4,671	4,379	102,858	105,603	96,949
Capital assets write down - equipment	-	-	-	-	-	1,333	-	-	-	-	5,797	4,520
Capital assets write down - facilities and improvements	-	-	86	-	-	-	-	-	-	-	-	2,696
	67,883	68,625	67,890	39,497	36,854	49,797	222,051	224,427	197,263	5,753,539	5,796,564	5,388,877
Less amounts reported in ancillary operations	(150)	(938)	(929)	-	-	-	(3,823)	(4,759)	(4,264)	(58,943)	(74,729)	(63,181)
TOTAL EXPENSES	67,733	67,687	66,961	39,497	36,854	49,797	218,228	219,668	192,999	5,694,596	5,721,835	5,325,696

TABLE V

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2004

(Thousands of dollars)

	CHINOOK	PALLISER	CALGARY	DAVID THOMPSON	EAST CENTRAL	CAPITAL HEALTH	ASPEN
I. SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE	(4.12%)	(1.05%)	(2.77%)	(3.97%)	(4.57%)	(2.07%)	(0.05%)
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES	4.2%	3.9%	2.9%	4.4%	6.2%	2.5%	4.0%
III. WORKING CAPITAL							
Current Assets	16,546	10,422	247,650	74,633	17,974	260,191	33,798
Current Liabilities	36,281	22,057	255,129	88,451	24,979	302,622	32,647
WORKING CAPITAL RATIO	0.46	0.47	0.97	0.84	0.72	0.86	1.04
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO *excludes extraordinary items*	82.4%	81.3%	82.3%	81.8%	80.1%	82.5%	83.8%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	3.2	3.8	3.3	4.8	4.1	1.8	3.7
VI. CAPITAL INVESTMENTS DURING THE YEAR							
Funded from Internal Resources							
Equipment	3,329	3,554	10,934	4,707	1,544	42,420	2,041
Facilities and Improvements	-	-	2,190	-	-	-	250
	3,329	3,554	13,124	4,707	1,544	42,420	2,291
Funded by External Parties							
Equipment	4,145	2,131	45,206	4,309	1,381	19,765	2,994
Facilities and Improvements	2,435	550	99,418	40,944	6,437	47,834	2,613
	6,580	2,681	144,624	45,253	7,818	67,599	5,607
Total capital investments during the year	9,909	6,235	157,748	49,960	9,362	110,019	7,898
VII. TOTAL FTEs *(excludes Board)*	2,462	1,468	15,588	5,743	1,348	15,079	2,296

TABLE V

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2004
(Thousands of dollars)

	PEACE	NORTHERN LIGHTS	ALBERTA MENTAL HEALTH BOARD	ALBERTA CANCER BOARD	HEALTH AUTHORITY TOTAL 2004	HEALTH AUTHORITY TOTAL 2003 *(Restated)*
I. SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE	(4.83%)	3.29%	(0.52%)	(1.31%)	(2.51%)	(1.37%)
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES	5.4%	5.7%	13.1%	2.6%	3.3%	3.5%
III. WORKING CAPITAL						
Current Assets	17,592	16,601	9,310	24,654	729,371	768,425
Current Liabilities	28,444	14,084	2,591	45,285	852,570	773,648
WORKING CAPITAL RATIO	0.62	1.18	3.59	0.54	0.86	0.99
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO *excludes extraordinary items*	80.6%	89.2%	100.4%	76.0%	82.2%	83.9%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	5.1	3.4	1.0	4.8	3.0	3.7
VI. CAPITAL INVESTMENTS DURING THE YEAR						
Funded from Internal Resources						
Equipment	124	326	53	3,357	72,389	62,277
Facilities and Improvements	1,376	-	-	-	3,816	26,415
	1,500	326	53	3,357	76,205	88,692
Funded by External Parties						
Equipment	1,618	720	16	11,291	93,576	77,490
Facilities and Improvements	6,082	19,170	-	1,385	226,868	211,580
	7,700	19,890	16	12,676	320,444	289,070
Total capital investments during the year	9,200	20,216	69	16,033	396,649	377,762
VII. TOTAL FTEs *(excludes Board)*	1,977	729	36	1,309	48,035	

TABLE VI

HEALTH AUTHORITY SUMMARY OF
FEDERAL DIAGNOSTIC/MEDICAL
EQUIPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2004
(Thousands of dollars)

	CHINOOK REGIONAL HEALTH AUTHORITY			PALLISER HEALTH REGION			CALGARY HEALTH REGION			DAVID THOMPSON REGIONAL HEALTH AUTHORITY		
	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE
Diagnostic Imaging	1,596	1,596	-	876	874	2	12,121	12,858	(737)	310	1,048	(738)
Laboratory	271	264	7	188	175	13	101	-	101	269	261	8
Medical	370	349	21	123	133	(10)	2,405	2,277	128	1,324	56	1,268
Surgical	75	78	(3)	70	70	-	1,633	980	653	1,304	1,100	204
Rehabilitation	48	29	19	-	-	-	44	-	44	55	22	33
Patient Care/Support	20	64	(44)	72	77	(5)	456	645	(189)	503	722	(219)
Total Expenditures	$ 2,380	$ 2,380	$ -	$ 1,329	$ 1,329	$ -	$ 16,760	$ 16,760	$ -	$ 3,765	$ 3,209	$ 556

TABLE VI

HEALTH AUTHORITY SUMMARY OF FEDERAL DIAGNOSTIC/MEDICAL EQUIPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2004
(Thousands of dollars)

	EAST CENTRAL HEALTH			CAPITAL HEALTH			ASPEN REGIONAL HEALTH AUTHORITY			PEACE COUNTRY HEALTH		
	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE
Diagnostic Imaging	1,179	265	914	3,535	4,445	(910)	1,298	1,353	(55)	792	249	543
Laboratory	176	181	(5)	1,530	1,503	27	$ 308	317	(9)	254	177	77
Medical	45	131	(86)	3,530	2,777	753	139	115	24	221	139	82
Surgical	316	32	284	3,125	2,206	919	75	70	5	297	202	95
Rehabilitation	-	-	-	-	-	-	19	7	12	-	-	-
Patient Care/Support	-	-	-	5,809	6,598	(789)	51	28	23	147	38	109
Total Expenditures	$ 1,716	$ 609	$ 1,107	$ 17,529	$ 17,529	$ -	$ 1,890	$ 1,890	$ -	$ 1,711	$ 805	$ 906

TABLE VI

HEALTH AUTHORITY SUMMARY OF
FEDERAL DIAGNOSTIC/MEDICAL
EQUIPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2004
(Thousands of dollars)

	NORTHERN LIGHTS HEALTH REGION			ALBERTA CANCER BOARD			TOTAL			
	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE	2003/04 PLANNED	2003/04 ACTUAL	UNSPENT BALANCE	UNSPENT %
Diagnostic Imaging	655	655	-	-	-	-	22,362	23,343	(981)	(4.4%)
Laboratory	-	-	-	-	-	-	3,097	2,878	219	7.1%
Medical	-	-	-	1,865	1,865	-	10,022	7,842	2,180	21.8%
Surgical	-	-	-	-	-	-	6,895	4,738	2,157	31.3%
Rehabilitation	-	-	-	-	-	-	166	58	108	65.1%
Patient Care/Support	-	-	-	-	-	-	7,058	8,172	(1,114)	(15.8%)
Total Expenditures	$ 655	$ 655	$ -	$ 1,865	$ 1,865	$ -	$ 49,600	$ 47,031	$ 2,569	5.2%

Alphabetical List of Government Entities' Financial Statements in Ministry 2003/2004 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	**Ministry Annual Report**
Agriculture Financial Services Corporation[1]	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Dairy Control Board[2]	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	

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[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003.

[2] Dissolved August 1, 2003.

Ministry, Department, Fund or Agency	Ministry Annual Report
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta[1]	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Ministry, Department, Fund or Agency	Ministry Annual Report
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[2]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[2]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[2]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[2]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[2]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[2]	Human Resources and Employment
Ministry of Infrastructure[2]	Infrastructure
Ministry of Innovation and Science	Innovation and Science

[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003.

[2] Ministry includes only the department so separate department financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Boards:	Community Development
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation	Community Development

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[1] Ministry includes only the department so separate department financial statements are not necessary.

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

Alberta Ministry of Health and Wellness

Annual Report 2003/2004

SECTION II

www.healthyalberta.com

Alberta

For further information

For additional copies of this document or Section I, contact:

Alberta Health and Wellness
Communications
22nd floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
Phone: (780) 427-7164
Fax: (780) 427-1171

You can find this document on Alberta Health and Wellness' Internet website - www.health.gov.ab.ca

For research or technical inquiries on the financial information in this document, contact:

Alberta Health and Wellness
Financial Planning and Reporting
(for Health Authorities' financial statements)
16th floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
Phone: (780) 427-8093
Fax: (780) 427-1643

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Health Authorities
Contact List

Regional Health Authorities and Provincial Health Boards Contacts

For further information regarding the regional health authorities or provincial health boards, please contact:

2003/2004 Health Authorities	Region	Contact Phone Number
Chinook Regional Health Authority	R1	(403) 388-6009
Palliser Health Region	R2	(403) 528-5633
Calgary Health Region	R3	(403) 943-1111
David Thompson Regional Health Authority	R4	(403) 341-8622
East Central Health	R5	(780) 608-8820
Capital Health	R6	(780) 407-1000
Aspen Regional Health Authority	R7	(780) 349-8705
Peace Country Health	R8	(780) 538-5387
Northern Lights Health Region	R9	(780) 791-6161
Alberta Mental Health Board		(780) 422-2233
Alberta Cancer Board		(780) 412-6300

Chinook
#1

Chinook Regional Health Authority

Financial Statements

March 31, 2004

CHINOOK REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2004

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Auditor's Report

To the Members of the Chinook Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Chinook Regional Health Authority ("the Authority") as at March 31, 2004, and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Authority has recorded a long-term care facility that does not meet the definition of a capital asset because it is not owned or controlled by the Authority. The effect of this departure from Canadian generally accepted accounting principles is to overstate capital assets and unamortized external capital contributions by $25.2 million as at March 31, 2004. Since the Authority accounts for all costs and revenues related to services carried out for which it is responsible, the incorrect recording of the asset in question has no effect on total expenses and revenues.

In my opinion, except for the effect of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
June 4, 2004, except as to Note 25
which is as of June 30, 2004

CHINOOK REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2004

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Governance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Chinook Regional Health Authority Board for approval. The external auditor has full and free access to the Governance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Pam Whitnack
June 4, 2004
for Chief Executive Officer

June 4, 2004
Vice President, Finance and Administration

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2004
(thousands of dollars)

	2004 Actual	2003 Actual (Restated - Note 22)
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 7,513	$ 12,114
Accounts receivable (Note 4)	5,328	6,175
Inventories	2,112	1,787
Prepaid expenses	1,593	823
	16,546	20,899
Non-current cash and investments (Note 3)	19,458	18,188
Capital assets (Note 5)	175,775	179,020
Other assets (Note 6)	7,967	5,382
TOTAL ASSETS	$ 219,746	$ 223,489
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 22,615	$ 14,879
Accrued vacation pay	9,559	8,799
Deferred contributions (Schedule 3)	4,036	4,335
Current portion of long-term debt (Note 8)	71	128
	36,281	28,141
Deferred contributions (Schedule 3)	-	2,970
Deferred capital contributions (Note 7)	10,444	5,080
Long-term debt (Note 8)	233	481
Deferred Contributions - Healthy Aging Partnership (Note 9)	3,869	4,174
Unamortized external capital contributions (Note 10)	162,904	166,207
Other liabilities	68	68
	177,518	178,980
Net assets:		
Accumulated surplus (deficit)	(6,771)	4,014
Investment in capital assets	12,568	12,204
Operating net assets	5,797	16,218
Endowments	150	150
	5,947	16,368
TOTAL LIABILITIES AND NET ASSETS	$ 219,746	$ 223,489

The accompanying notes and schedules are part of these financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	2004 Budget (Note 11)	2004 Actual	2003 Actual (Restated - Note 22)
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 216,582	$ 216,851	$ 208,168
Other government contributions (Note 13)	2,614	3,661	2,756
Fees and charges (Note 14)	14,065	16,436	14,284
Ancillary operations, net (Note 15)	491	208	325
Donations	239	391	346
Investment and other income (Note 16)	4,429	5,208	4,232
Amortization of external capital contributions (Note 10)	9,919	9,876	9,555
TOTAL REVENUE	248,339	252,631	239,666
Expenses (Schedule 1)			
Facility-based inpatient acute nursing care services	62,068	63,560	62,798
Facility-based emergency and outpatient services	15,296	16,302	14,948
Facility-based continuing care services	33,539	34,449	32,561
Community and home based services	27,143	26,025	23,182
Diagnostic and therapeutic services	44,293	43,860	42,260
Promotion, prevention and protection services	10,027	10,207	9,377
Administration (Note 17)	10,695	10,955	10,390
Information technology	5,621	6,222	4,689
Support services (Note 18)	41,705	44,532	40,936
Amortization of facilities and improvements	7,210	6,940	6,899
TOTAL EXPENSES	257,597	263,052	248,040
Deficiency of revenue over expenses	$ (9,258)	$ (10,421)	$ (8,374)

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	2004					2003
	Operating					(Restated - Note 22)
	Unrestricted	Invested in Capital Assets	Total Operating	Endowments	Total	
Deficiency of revenue over expense	$ (10,421)	$ -	$ (10,421)	$ -	$ (10,421)	$ (8,374)
Capital assets purchased with internal funds	(3,329)	3,329	-	-	-	-
*Amortization on internally funded capital assets	2,926	(2,926)	-	-	-	-
Repayment of long-term debt used to fund capital assets	(87)	87	-	-	-	-
Proceeds on long-term debt to acquire capital assets	126	(126)	-	-	-	-
Boundry re-alignment (Note 22)	-	-	-	-	-	(614)
Net change	$ (10,785)	$ 364	$ (10,421)	$ -	$ (10,421)	$ (8,988)
Balance at beginning of year	4,014	12,204	16,218	150	16,368	25,356
Balance at end of year	$ (6,771)	$ 12,568	$ 5,797	$ 150	$ 5,947	$ 16,368

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	2004		2003
	Budget	Actual	Actual (Restated - Note 22)
Cash generated from (used by)			
Operating activities			
Deficiency of revenue over expenses	$ (9,258)	$ (10,421)	$ (8,374)
Non-cash transactions:			
Amortization of capital equipment - internally funded	2,577	2,860	2,239
Amortization of capital equipment - externally funded	2,906	3,101	2,761
Amortization of facilities and improvements	7,210	6,984	6,944
Gross Amortization of external capital contributions (Note 10)	(9,919)	(9,883)	(9,560)
(Gain) Loss on disposal of capital equipment	(11)	152	(42)
Write down of capital assets	-	-	16
	(6,495)	(7,207)	(6,016)
Change in non-cash working capital account (Note 19)	(10,331)	7,184	319
Cash (used by) generated from operations	(16,826)	(23)	(5,697)
Investing activities:			
Purchase of capital assets:			
internally funded	(5,513)	(3,329)	(2,822)
externally funded - equipment	(5,272)	(4,145)	(3,832)
- facilities & improvements	(3,714)	(2,435)	(1,099)
Proceeds on sale of capital assets	-	57	96
Change in other assets	(3,268)	(2,584)	3,261
Change in non-current cash	(500)	(1,270)	2,515
Cash used by investing activities	(18,267)	(13,706)	(1,881)
Financing activities			
Capital contributions received (Note 7)	6,090	11,944	2,010
Change in non-cash working capital account (Note 19)	4,995	765	2,324
Principal payments on long-term debt used to fund capital assets	(132)	(87)	(122)
Principal payments on long-term debt - other	-	(345)	-
Proceeds on long-term debt	-	126	-
Change in other liabilities	-	-	10
Change in long-term care partnership	-	(305)	-
Net change in non-current deferred contributions	(510)	(2,970)	(640)
Cash generated from financing activities	10,443	9,128	3,582
Decrease in cash and investments	(24,650)	(4,601)	(3,996)
Cash and investments, beginning of year	11,670	12,114	16,110
Cash and investments, end of year	$ (12,980)	$ 7,513	$ 12,114
Cash and cash equivalents are defined as follows:			
Cash and investments	$ (12,980)	$ 7,513	$ 12,114
Bank indebtedness	-	-	-
	$ (12,980)	$ 7,513	$ 12,114

CHINOOK REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2004

(Thousands of dollars)

Note 1 Authority, Purpose and Operations

The Chinook Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services within the Chinook Region (the "Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:
- Barons-Eureka-Warner Health Unit
- Border Counties General Hospital
- Cardston General Hospital
- Children's Assessment, Rehabilitation and Education Centre Society of South-western Alberta
- Chinook Health Unit
- Crowsnest Pass General and Auxiliary Hospital
- Fort Macleod Health Care Centre
- Fort Macleod Special Development Unit
- City of Lethbridge Health Unit
- Lethbridge Regional Hospital
- Magrath General Hospital
- Picture Butte Health Centre
- Pincher Creek Municipal Hospital
- Raymond General Hospital
- Taber and District Health Care Complex
- Raymond Care Centre

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directives 21 and 23 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements are prepared using the deferral method of accounting. The Foundations are not consolidated.

(b) Revenue Recognition

(i) Unrestricted operating grants and other contributions are recognized as revenue when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The fair value of costs of services are recorded. The fair value transactions recorded consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority participates in a defined benefit plan for a prescribed class of employees. Benefits are based on years of service and 1.75% of the excess of average of full calendar year earnings over a consecutive five year period for which such average is highest over average of maximum pensionable earnings as determined under the provisions of the Local Authorities Pension Plan over the same consecutive five year period multiplied by the member's total years of healthcare (LAPP) eligible service after December 31, 1991. The plan is unfunded. The Authority accrues its obligation for the defined benefit pension plan as the employee renders the service necessary to earn benefits.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Temporary investments are recorded at lower of cost and market. Non-current investments are recorded at cost. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The writen down value is deemed to be the new cost.

(f) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value as of March 31, 2004 because of the short-term maturity of these items.

The carrying value of long-term debt approximates fair value.

(g) Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out basis, or net realizable value.

(h) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than five thousand dollars are expensed.

Capital assets except land, construction in progress and art are amortized over their estimated useful lives on a straight line basis as follows:

	Useful Life
Land improvements	10 - 25 years
Buildings	20 - 40 years
Equipment	5 - 15 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Capital assets are amortized over their estimated useful lives. The amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

The Region has an unsettled labour contract at March 31, 2004. The Region has accrued for this contract using management's best estimate. Actual results could differ from this estimate.

Note 3 Cash and Investments

	2004		2003	
	Market Value	Carrying Value	Market Value	Carrying Value
Cash and equivalents	$ 7,029	$ 7,029	$ 12,189	$ 12,633
Term deposits	649	649	-	-
Fixed income securities	16,063	15,464	15,227	14,881
Equities	4,883	3,829	3,001	2,788
	$ 28,624	26,971	$ 30,417	30,302
Amount held for non-current purposes		(19,458)		(18,188)
		$ 7,513		$ 12,114

Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 100% for fixed-income instruments, 0% to 25% for equities, and 0% to 20% for cash and cash equivalents. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(i) Term deposits with Alberta Treasury Branches maturing within 30 to 60 days and bearing interest at an average rate of 2.33%.

(ii) Fixed-income securities have an average effective yield of 5.62% per annum for securities maturing between 1 and 10 years. As at March 31, 2004, the securities have the following term structure based on par:

	%
1 to 5 years	31.5
5 to 10 years	48.9
Over 10 years	19.6

Note 3 Cash and Investments (continued)

(iii) Equities comprise publicly traded equities. Risk is reduced by prudent security election and sector rotation.

Non-current cash and investments represent the following:

	2004	2003
Endowments	$ 150	$ 150
Externally restricted for capital acquisitions	10,444	5,079
Externally restricted for specific purposes	548	3,338
Other	8,316	9,621
	$ 19,458	$ 18,188

Note 4 Accounts Receivable

	2004	2003
Contributions receivable	$ 830	$ 1,595
Accounts receivable - patients and other	4,498	4,580
	$ 5,328	$ 6,175

Note 5 Capital Assets

Capital Assets	Opening Balance 1-Apr-03	Additions	Disposals	Closing Balance 31-Mar-04	Opening Balance 1-Apr-03	Current Year Amortization	Amortization on Disposals	Closing Balance 31-Mar-04	Net Book Value
Land	$ 2,402	$ -	$ -	$ 2,402	$ -	$ -	$ -	$ -	$ 2,402
Other Nondepreciable Assets	46	-	-	46	-	-	-	$ -	$ 46
Land Improvements	4,192	-	-	4,192	3,487	101	-	$ 3,588	$ 604
Buildings & Improvements	241,495	1,078	-	242,573	86,178	6,840	-	$ 93,018	$ 149,555
Leasehold Improvements	-	215	-	215	-	43	-	$ 43	$ 172
Major Equipment - Other	57,334	5,166	2,064	60,436	42,073	4,007	1,856	$ 44,224	$ 16,212
Major Equipment - Info Systems	11,459	951	230	12,180	7,980	1,866	229	$ 9,617	$ 2,563
Major Equipment - Software License	328	605	-	933	189	89	-	$ 278	$ 655
Construction in Progress	1,671	1,895	-	3,566	-	-	-	$ -	$ 3,566
	$ 318,927	$ 9,910	$ 2,294	$ 326,543	$ 139,907	$ 12,946	$ 2,085	$ 150,768	$ 175,775

Note 5 Capital Assets (continued)

(a) Land

Land at the following sites has been provided to the Authority at nominal values: Crowsnest Pass General and Auxiliary Hospital and Picture Butte Health Centre.

(b) Leased Equipment

Equipment was acquired through capital leases at a cost of $286 (2003 - $1,123) with accumulated amortization of $153 (2003 - $866)

Capital assets have been funded from the following sources:

	2004	2003
Externally funded	$ 162,907	$ 166,165
Internally funded	12,564	12,246
Financed by debt	304	609
	$ 175,775	$ 179,020

Note 6 Other Assets

	2004	2003
Long-term receivable		
Supportive Living Options	$ 7,870	$ 5,354
Participating Physicians	97	-
Contributions receivable	-	28
	$ 7,967	$ 5,382

The long-term receivable is forgivable for services rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement is for a term of 20 years effective from the date of commencement of operations, unless otherwise terminated.

The Chinook Health Region provided financial assistance to participating physicians to assist in a portion of costs for expenses of the Sleep Apnea clinic. These costs will be reimbursed to the Chinook Health Region over the term of the existing agreement of 5 years.

Note 7 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b).

	2004	2003
Amounts received:		
Restricted Alberta Health and Wellness	$ 2,380	$ -
Restricted other government	8,160	1,484
Restricted investment income (Note 16)	14	13
Contributed capital	-	11
Regional shared information program	300	-
Transferred from (to) deferred contributions (Schedule 3)		
Donations	618	368
Other	472	134
	11,944	2,010
Transferred (to) from:		
Unamortized external capital contributions (Note 10)		
Other	(5,662)	(4,563)
Donations	(618)	(368)
Regional shared information program	(300)	-
	(6,580)	(4,931)
Change during the year	5,364	(2,921)
Balance beginning of year	5,080	8,001
Balance, end of year	$ 10,444	$ 5,080
Balance at end of year is restricted for the following purposes:		
Equipment replacement	552	489
New construction	9,892	4,591
	$ 10,444	$ 5,080

Note 8 Long-term Debt

	2004	2003
Debentures	$ 152	$ 164
Obligations under capital leases	152	445
	304	609
Less: current portion	71	128
Long-term portion	$ 233	$ 481

Note 8 Long-term Debt (continued)

Future payments	Capital Leases	Debentures	Total
For the year ended March 31:			
2005	57	14	71
2006	41	15	56
2007	25	16	41
2008	26	17	43
2009 and thereafter	3	90	93
	152	152	304

Capital leases expire on various dates to May, 2008. Debentures mature in March, 2012 at an annual rate of 9.5%.

Note 9 Deferred Contributions – Healthy Aging Partnership

Funds received from Alberta Health and Wellness for the purpose of providing supportive living options to the region's residents are recorded as long-term deferred contributions.

During the year the Authority amortized $265 (2003 - $221) of the Healthy Aging Partnership program to community and home-based services and recognized an equal amount as revenue under Alberta Health and Wellness Contributions.

Note 10 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2 (b) (iii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2004	2003
Balance, beginning of year	$166,207	$170,836
Transfers from deferred capital contributions (Note 7)		
Other	5,662	4,563
Donations	618	368
Regional shared health information program	300	-
	$ 6,580	$ 4,931
Less amounts recognized as revenue		
Amortized external capital contributions: Equipment	(3,097)	(2,760)
Amortized external capital contributions: facilities and improvements	(6,779)	(6,795)
Amortization - Ancillary operations	(7)	(5)
	(9,883)	(9,560)
Balance, end of year	$162,904	$166,207

Note 11 Budget

	2003/04 Approved Budget(1)	Additonal Funding(2)	2003/04 Reported Budget
Revenue:			
Alberta Health and Wellness contributions	$ 215,525	$ 1,057	$ 216,582
Other government contributions	2,614	-	2,614
Fees and charges	14,065	-	14,065
Net ancillary operations	491	-	491
Donations	239	-	239
Investment and other income	4,429	-	4,429
Amortization of external capital contributions	9,919	-	9,919
Total revenue	$ 247,282	$ 1,057	$ 248,339
Expenses:			
Facility-based inpatient acute nursing care services	62,068	-	62,068
Facility-based emergency and outpatient services	15,296	-	15,296
Facility-based continuing care services	33,539	-	33,539
Community and home based services	27,143	-	27,143
Diagnostic and therapeutic services	44,293	-	44,293
Promotion, prevention and protection services	10,027	-	10,027
Administration	10,695	-	10,695
Information technology	5,621	-	5,621
Support services	41,705	-	41,705
Amortization of facilities and improvements	7,210	-	7,210
Total expenses	257,597	-	257,597
Excess (deficiency) of revenues over expenses	$ (10,315)	$ 1,057	$ (9,258)

The budget was approved by the members of the Authority on June 5, 2003 and submitted to the Minister of Health and Wellness.

On June 18, 2003, the Minister provided additional one-time funding to assist Regional Health Authorities with costs relating to operation and maintenance of health facilities.

Note 12 Alberta Health and Wellness Contributions

	2004	2003
Unrestricted contributions	$ 211,153	$ 202,303
Transfers from deferred contributions (Schedule 3)	5,255	5,466
Healthy Aging Partnership	265	221
Alberta Health and Wellness payments to contract operators		
Non-district nursing home capital upgrade progam	178	178
	$ 216,851	$ 208,168

Note 13 Other Government Contributions

	2004	2003
Person's with Developmental Disabilities		
South Alberta Board (Schedule 3)	$ 2,123	$ 2,085
Transfers from deferred contributions (Schedule 3)	756	198
Alberta Infrastructure	166	-
Fair value of rent less rent charges for non-acute care facilities used by the Authority	616	473
	$ 3,661	$ 2,756

Note 14 Fees and Charges

	Inpatient Resident		Outpatient		Total	
	2003 04	2002 03	2003 04	2002 03	2004	2003
Acute Care						
Uninsured resident of Alberta	$ 11	$ 44	$ 27	$ 25	$ 38	$ 69
Out-of-province	1,270	1,204	1,034	1,005	2,304	2,209
Out-of-country base amount	71	112	60	59	131	171
Out-of-country surcharge	65	106	56	55	121	161
WCB Standard charges	316	468	801	863	1,117	1,331
Federal	37	19	53	44	90	63
Uninsured medical services	37	22	119	105	156	127
Preferred accomodation	88	95	-	-	88	95
Continuing care standard ward	126	99	-	-	126	99
Continuing care semi-private	41	97	-	-	41	97
Continuing care private	5	3	-	-	5	3
	$ 2,067	$ 2,269	$ 2,150	$ 2,156	$ 4,217	$ 4,425
Continuing Care						
Continuing care standard ward	$ 309	$ 105	$ -	$ -	$ 309	$ 105
Continuing care semi-private	2,506	1,928	-	-	2,506	1,928
Continuing care private	1,499	1,468	-	-	1,499	1,468
Out-of-province	13	22	-	-	13	22
	$ 4,327	$ 3,523	$ -	$ -	$ 4,327	$ 3,523
Home Care						
Homemaking Fees	$ -	$ -	$ 12	$ 9	$ 12	$ 9
	$ -	$ -	$ 12	$ 9	$ 12	$ 9
Public Health	$ -	$ -	$ 220	$ 195	$ 220	$ 195
	$ -	$ -	$ 220	$ 195	$ 220	$ 195
Other	$ 7,626	$ 6,102	$ 34	$ 30	$ 7,660	$ 6,132
	$ 7,626	$ 6,102	$ 34	$ 30	$ 7,660	$ 6,132
Total	$ 14,020	$ 11,894	$ 2,416	$ 2,390	$ 16,436	$ 14,284

Note 15 Ancillary Operations

	2004						2003
	Non-Patient Food Services Operations	Laundry Operations	Parking Operations	Other Operations	Total	Budget	Total
Revenues							
Revenues	$ 990	$ 82	$ 369	$ 227	$ 1,668	$ 1,917	$ 1,631
Amortization of deferred capital contributions	-	2	5	-	7	-	5
	$ 990	$ 84	$ 374	$ 227	$ 1,675	$ 1,917	$ 1,636
Expenses							
Other expenses	926	82	51	354	$ 1,413	1,383	1,262
Amortization	3	2	48	1	54	43	49
	$ 929	$ 84	$ 99	$ 355	$ 1,467	$ 1,426	$ 1,311
Excess (deficiency) of revenues over expenses 2003-2004	$ 61	$	$ 275	$ (128)	$ 208	$ 491	$ 325

Note 16 Investment and Other Income

	2004	2003
Investment Income Earned		
Unrestricted resources	$ 1,612	$ 1,362
Restricted resources for capital assets	14	13
Restricted resources for special purpose programs	80	84
Resources held for endowment	4	4
Write down of investments	-	(1,001)
	1,710	462
Other Income		
Transfers from deferred contributions (Schedule 3)	1,353	1,324
Other	2,239	2,543
	5,302	4,329
Less amounts deferred:		
Restricted for capital asset acquisition (Note 7)	(14)	(13)
Restricted for special purpose programs	(80)	(84)
	$ 5,208	$ 4,232

Investment income is comprised of interest and dividends.

Other income is comprised of recoveries from sources external to the Health Authority for compensation, material and supplies.

Note 17 Administration

	2004	2003
General administration	$ 5,792	$ 5,628
Finance	1,489	1,443
Human Resources	1,797	1,515
Administration - contract operators (Schedule 4)	1,877	1,804
	$ 10,955	$ 10,390

Note 18 Support Services

	2004	2003
Bio-Medical Engineering	$ 617	$ 13
Building maintenance, operations and security	11,545	10,924
Communications	646	494
Education	633	850
Housekeeping	4,321	4,084
Laundry and linen	1,393	1,406
Materials management	4,116	3,674
Patient food services	6,892	6,752
Patient health records	2,521	2,436
Patient registration	1,295	1,254
Patient transportation	1,831	1,735
Volunteer services	361	321
Support Services-contract operators (Schedule 4)	8,361	6,993
	$ 44,532	$ 40,936

Note 19 Changes in Non-Cash Working Capital Accounts

	2004	2003
Accounts receivable	$ 847	$ 958
Inventories	(325)	(91)
Prepaid expenses	(770)	(360)
Accounts payable and accrued liabilities	7,736	432
Accrued vacation pay	760	(195)
Current portion of deferred contributions	(299)	1,665
Alberta Mental Health Board transfer	-	234
	$ 7,949	$ 2,643
Reflected in the Statement of Cash Flows as:		
Operating activities	$ 7,184	$ 319
Financing activities	765	2,324
	$ 7,949	$ 2,643

Note 20 Related Parties

(a) Provincial Government

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Minister of Health and Wellness since the viability of its on-going operations depends on contributions from the Minister. Transactions between the Authority and the Province of Alberta are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Foundations

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act.

The controlled Foundations are not consolidated in these financial statements.

Note 20 Related Parties (continued)

(i) Crowsnest Pass Health Foundation (established August 28, 1996)

	2004	2003
Total assets	$ 96	$ 88
Total liabilities	(3)	(12)
Net assets	$ 93	$ 76
Revenue	$ 82	$ 108
Expenses	(65)	(119)
Excess (deficiency) of revenue over expenses	$ 17	$ (11)

The resources of the Foundation amounting to $54 have been restricted by the donors for the exclusive use of Crowsnest Pass Health Care Facility.

The financial statements for the Crowsnest Pass Health Foundation are prepared using the Restricted Fund method.

(ii) Cardston and District Health Foundation (established August 28, 1996)

	2004	2003
Total assets	$ 7	$ 43
Total liabilities	(1)	(2)
Net assets	$ 6	$ 41
Revenue	$ 31	$ 48
Expenses	(66)	(25)
Excess (deficiency) of revenue over expenses	$ (35)	$ 23

The resources of the Foundation amounting to $1 have been restricted by the donors for the exclusive use of Cardston Health Care Facility.

The financial statements for the Cardston and District Health Foundation are prepared using the Restricted Fund method.

Note 20 Related Parties (continued)

(iii) North County Health Foundation (established October 16, 1997)

	2004	2003
Total assets	$ 57	$ 48
Net assets	$ 57	$ 48
Revenue	$ 17	$ 43
Expenses	(8)	(16)
Excess of revenue over expenses	$ 9	$ 27

The resources of the Foundation amounting to $3 have been restricted by the donors for the exclusive use of Picture Butte Health Care Facility.

The financial statements for the North County Health Foundation are prepared using the Restricted Fund method.

(iv) Fort Macleod and District Health Foundation (established April 21, 1998)

	2004	2003
Total assets	$ 35	$ 35
Total liabilities	(1)	-
Net assets	$ 34	$ 35
Revenue	$ 9	$ 61
Expenses	(9)	(39)
Excess of revenue over expenses	$ -	$ 22

The resources of the Foundation amounting to $0 have been restricted by the donors for the exclusive use of Fort Macleod Health Care Facility.

The financial statements for the Fort Macleod and District Health Foundation are prepared using the Restricted Fund method.

Note 20 Related Parties (continued)

(v) Windy Slopes Health Foundation (established April 28, 1998)

	2004	2003
Total assets	$ 51	$ 76
Net assets	$ 51	$ 76
Revenue	$ 67	$ 102
Expenses	(92)	(46)
Excess (deficiency) of revenue over expenses	$ (25)	$ 56

The resources of the Foundation amounting to $11 have been restricted by the donors for the exclusive use of Pincher Creek Health Care Facility.

The financial statements for the Windy Slopes Health Foundation are prepared using the Restricted Fund method.

	Contributions Received by Health Authority Year ended March 31		Resources held by Foundation At March 31, 2004	
	2004	2003	Externally Restricted	Unrestricted
Crowsnest Pass Health Foundation	$ 27	$ 41	$ 54	$ 39
Cardston and District Health Foundation	52	5	1	5
North County Health Foundation	-	-	3	54
Fort Macleod and District Health Foundation	-	29	-	34
Windy Slopes Health Foundation	65	28	11	40
	$ 144	$ 103	$ 69	$ 172

Note 20 Related Parties (continued)

(d) Other Foundations

The Authority has an economic interest in the Lethbridge Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective community. The Foundations were continued under the Regional Health Authorities Act and are registered charities under the income Tax Act. Financial information for these foundations is as follows:

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2004	
	2004	2003	Externally Restricted	Unrestricted
Lethbridge Regional Hospital Foundation	$ 547	$ 280	$ 4,846	$ 133
Taber and District Health Foundation	131	4	547	263
	$ 678	$ 284	$ 5,393	$ 396

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the Foundations.

Note 20 Related Parties (continued)

The value of administrative support provided to Foundations, and the accounts receivable from the Foundations at year end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31		As at March 31	
	2004	2003	2004	2003
Controlled Foundations:				
Crowsnest Pass Health Foundation	$ 12	$ 14	$ 3	$ 12
Cardston and District Health Foundation	12	14	1	1
North County Health Foundation	6	14	-	-
Fort Macleod and District Health Foundation	-	8	-	-
Windy Slopes Health Foundation	4	12	-	-
Other Foundations:				
Lethbridge Regional Hospital Foundation	180	180	183	101
Taber and District Health Foundation	15	14	34	-
	$ 229	$ 256	$ 221	$ 114

(e) Society of Friends of the Lethbridge Regional Hospital (the "Society")

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2004, $55 (2003 - $32) was due to the Authority for net inter-entity transactions.

Note 21 Pension Costs

a) The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $5,598 for the year ended March 31, 2004 (2003 - $4,480).

At December 31, 2003, the Local Authorities Pension Plan reported a deficiency of $1,410,987 (2002 – deficiency of $444,980).

b) The Authority established a defined benefit pension plan for a prescribed class of employees effective March 3, 2004. The pension plan is unfunded. At March 31, 2004 the unamortized accrued benefit obligation is $566. The significant actuarial assumptions in measuring the Authority's accrued benefit obligation as of March 31, 2004 are as follows:

Discount Rate	6.00%
Increase in pensionable earnings	3.50%
Increase in maximum pension permitted Under income tax act	3.50%

Note 22 Health Authority Boundary Re-alignment

Effective April 1, 2003, The Minister of Health and Wellness disestablished eight of the Province's seventeen regional health authorities and re-aligned the boundaries of the nine continuing ones. The boundary change had no effect on the Authority, however, the Authority assumed a portion of the disestablished health regions deficit in the amount of $614.

Effective April 1, 2003, The Minister of Health and Wellness divested the Alberta Mental Health Board to the Regional Health Authorities. The assets and liabilities of the Alberta Mental Health Board have been transferred to the Authority at carrying value.

Prior year comparative figures have been adjusted with retroactive effect to include the operations of the Alberta Mental Health Board and the Authority's portion of the disestablished health region deficit.

	2003	Alberta Mental Health Transfer	Boundry Realignment	2003 Restated
Assets	$ 222,965	$ 524	$ -	$223,489
Liabilities	$ 206,224	$ 283	$ 614	$207,121
Net Assets	16,741	241	$ (614)	16,368
Total Liabilities and Net Assets	$ 222,965	$ 524	$ -	$223,489
Revenue	$ 232,688	$ 6,978	$ -	$239,666
Expenses	240,850	7,190	$ -	248,040
Deficiency of revenue over expenses	$ (8,162)	$ (212)	$ -	$ (8,374)

Note 23 Commitments and Contingencies

The Authority is committed to future capital upgrade projects in the amount of $9,834.

The Authority has in place an exclusive supply agreement with Producers Marketing Ltd., which expires November 1, 2004. Pursuant to the agreement, Producers Marketing Ltd. is the exclusive supplier to the Authority of natural gas, at the Lethbridge Regional Hospital, for 1000 gigajoules per day from April 1 to October 31 and 1250 gigajoules per day from November 1 to March 31.

The Authority has entered into various commitments for the purchase of consumables, reagents and chemicals. The commitments expire at various dates to March, 2006.

Note 24 Comparative Figures

Certain 2003 figures have been reclassified to conform to the 2004 presentation.

Note 25 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Amendment Regulation (A.R. 127/2002) from incurring an operating deficit. If a regional health authority incurs an operating deficit, further action would normally be required. The Authority incurred an operating deficit of ($10,421) for the year ended March 31, 2004.

On June 30, 2004, the Minister of Health and Wellness advised the Authority that it will receive additional funding in the 2004/05 fiscal year, to eliminate the Authority's accumulated deficit as reported in the March 31, 2004 audited financial statements. As a result of this additional funding, a deficit elimination plan will not be required.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Board of the Authority.

Schedule 1

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	Budget	2004	2003 (Restated - Note 22)
Salaries, benefits, allowances and severance (Schedule 2)	$ 147,830	$ 151,796	$ 144,642
Contracts with health service operators (Schedule 4)(2)	40,501	42,860	38,080
Drugs, gases, medical and surgical supplies	10,201	10,821	10,235
Other contracted services(2)	18,980	16,167	16,898
Interest on long term debt	52	16	59
Other(1)	28,728	29,762	27,509
Amortization and gain/loss on disposal:			
Capital equipment - internally funded	2,577	3,012	2,207
Capital equipment - externally funded	2,906	3,101	2,761
Facilities and improvements	7,248	6,984	6,944
Capital asset write down - Equipment	-	-	16
	259,023	264,519	249,351
Less amounts reported in ancillary operations (Note 15)	(1,426)	(1,467)	(1,311)
	$ 257,597	$ 263,052	$ 248,040

(1) Other

Included in other expense are the following:

	Budget	2004	2003
Supplies	$ 13,553	$ 13,269	$ 13,451
Minor equipment and maintenance	5,964	7,265	5,755
Travel	3,326	3,621	3,317
Utilities	4,192	4,705	4,337
Other	1,693	902	649
	$ 28,728	$ 29,762	$ 27,509

(2) Re-aligned budget to reflect Alberta Mental Health Board transfer of contracts with community agencies.

Schedule 2

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

		2004								2003 (Restated Note 22)				
							Severance [5]							
		Average	Number of Individuals [1]	Salaries and Honoraria [2]	Benefits and Allowances [3] [4]	Sub-total	Number of Individuals	Amount	Total	Average	Number of Individuals [1]	Salaries, Benefits, Honoraria [2] [3]	Severance [5]	Total
Authority/Member Compensation														
Chairperson	Ady, Jack		1	$ 25	-	$ 25	-	-	$ 25		1	$ 28	-	$ 28
Members	Bier, Donna		1	15	-	15	-	-	15		1	16	-	16
	Bishoff, Phyllis		1	12	-	12	-	-	12		1	9	-	9
	Farr, James		1	15	-	15	-	-	15		1	13	-	13
	Hickman,Lloyd		1	1	-	1	-	-	1		-	-	-	-
	Kelly, Inez		1	10	-	10	-	-	10		1	9	-	9
	Klassen, Stanley C.		-	-	-	-	-	-	-		1	8	-	8
	Marra, Sam		1	10	-	10	-	-	10		1	11	-	11
	Olsen, Thaine		1	10	-	10	-	-	10		1	10	-	10
	Paterson, Beverley		1	13	-	13	-	-	13		1	13	-	13
	Reti, Roy		1	11	-	11	-	-	11		1	7	-	7
	Sanford, Arthur		1	14	-	14	-	-	14		1	8	-	8
	Schindeler, Doug las J.		1	12	-	12	-	-	12		1	10	-	10
Total Honoraria			12	$ 148	$ -	$ 148	-	$ -	$ 148		12	$ 142	$ -	$ 142
Staff Compensation														
Chief Executive Officer			1.00	$ 246	$ 54	$ 300	$ -	$ -	$ 300		1.00	$ 272	$ -	$ 272
Management reporting to CEO:														
Vice President Medical Services			1.00	$ 286	$ -	$ 286	$ -	$ -	$ 286		1.00	270	-	270
Vice President Community Health (MOH)			0.38	57	6	63	-	-	63		1.00	214	-	214
Senior Vice President			1.00	170	31	201	-	-	201		1.00	188	-	188
Vice President Finance & Administration			1.00	139	24	163	-	-	163		1.00	150	-	150
Vice President Support Services			-	-	-	-	-	-	-		1.00	29	257	286
Executive Director Fund Development			1.00	102	21	123	-	-	123		1.00	115	-	115
Director Communications			1.00	71	13	84	-	-	84		-	-	-	-
Management reporting to above		$ 121	21.56	2,164	437	2,601	2	84	2,685	$ 107	26.66	2,847	104	2,951
Other Management		94	98.04	7,636	1,614	9,250	2	108	9,358	94	99.19	9,373	283	9,656
Medical Doctors		58	45.69	2,431	202	2,633	-	-	2,633	58	43.11	2,519	-	2,519
Regulated Nurses		73	913.33	55,714	11,039	66,753	-	-	66,753	70	904.22	63,457	8	63,465
Other Health Technical and Professionals		73	388.74	23,739	4,814	28,553	1	5	28,558	72	372.05	26,830	20	26,850
Unregulated Health Service Providers		36	148.86	4,500	910	5,410	3	9	5,419	34	161.26	5,471	163	5,634
Other Staff		42	839.48	29,238	5,766	35,004	2	18	35,022	39	812.62	31,807	123	31,930
Total Staff Compensation			2,462.08	126,493	24,931	151,424	10	224	151,648		2,426.11	143,542	958	144,500
Total			2,474.08	$ 126,641	$ 24,931	$ 151,572	10	$ 224	$ 151,796		2,438.11	$ 143,684	$ 958	$ 144,642

Schedule 2 (continued)

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2004

1) The average number of individuals is calculated based on a total worked and benefit hour for a classification divided by the number of hours in a standard work year, except for named individuals. The number of hours in a standard work year, by classification, is as follows:

Category	Number of Hours	
	Hospital	Community
Other management	2,023	2,023
Medical doctors	2,023	-
Regulated nurses	1,920	2,023 and 1,920
Other health technical and professionals	2,023	1,827
Unregulated health service providers	2,023	1,827
Other staff	2,023 and 2,088	2,023 and 1,827

Total actual discrete number of individuals employed March 31, 2004 was 3,574 (2003 – 3,683).

2) Salaries include regular base pay, overtime, lump sum payments, honoraria, and any other direct cash remuneration including sick leave, short-term disability and vacation.

3) Benefits and Allowances include the employers share of all employee benefits and contributions or payments paid or payable on behalf of employees including pension, health care, dental and vision coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term and short-term disability plans, Canada Pension Plan, employment insurance, workers compensation, car allowance, professional membership and recruitment and relocation expenses.

4) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

5) Severance includes all monies paid or payable directly or on behalf of an employee upon termination that do not relate to salaries and benefits. The number of individuals receiving severance's disclosed in the schedule is the discrete number of individuals.

6) Average salary and benefits amounts exclude severance payments.

Schedule 3

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF DEFERRED CONTRIBUTIONS
AS AT MARCH 31, 2004

		Amounts received or receivable					Amounts recognized as revenue								
	Opening Balance April 1, 2003	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Transfers between projects	Contributions Returned	Transfers (to)/From Capital	Closing Balance March 31, 2004
Alberta Health and Wellness:															
Specialist on call	526	2,667					2,600								593
Rural on call	127	1,370					1,308								189
Health Families (Action for Health)	-	100					100								-
Early childhood development	563	435					677								321
Information security compliance	209	-					98								111
System transition	366	-					10					-		(16)	340
Capacity building fund (integrated chronic disease prevention and management)	-	782					229								553
Service delivery changes	1,000						1					-		(440)	559
Other	389	301	-	-	-	2	232	-	-	-	-	(13)	(97)	(182)	168
Other contributors:															
Southwest Alberta Child and Family Services Authority	104	-	573	-	-	-	-	625	-	-	-	-	(5)	-	47
Persons with Development Disabilities (SDU unit)	137	-	2,126			-	-	2,123					-		140
Alberta Infrastructure								166						166	-
Speech Expansion	2,970	-	-			78	-				6		(3,042)		-
Donations	520	-	-	1,036			-		379		12			(618)	547
Other	394	-	129	-	-	1,398	-	131	-	-	1,335	13	-		468
Total 2003/04	7,305	5,655	2,828	1,036	-	1,478	5,255	3,045	379	-	1,353	-	(3,144)	(1,090)	4,036
Total 2002/03 (Restated - Note 22)	6,059	6,845	2,273	514		1,535	5,466	2,283	346	-	1,324	-	-	(502)	7,305

Unspent amounts at year end are as follows:

	2004	2003
Current reported above	4,036	4,335
Non-current		
Speech initiative	-	2,970
Total	4,036	7,305

Schedule 4

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR YEAR ENDED MARCH 31, 2004

Facility Name	Direct Region Funding	Direct Alberta Health Funding	Approved Patient Fees and Charges	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community and home based services	Diagnostic and therapeutic services	Admin-istration	Information Technology	Support Services	Total Expenditures
Voluntary													
St. Michael's Health Centre	$ 9,914	$ -	$ 2,953	$ 12,867	$ -	$ -	$ 7,876	$ -	$ 873	$ 789	$ 101	$ 3,228	$ 12,867
Coaldale Health Care Centre	2,831	-	627	3,458	64	468	1,829	-	201	175	-	721	$ 3,458
Victorian Order of Nurses	88	-	34	122	-	-	-	122	-	-	-	-	$ 122
Private													
Edith Cavell Nursing Home	4,898	-	1,748	6,646	-	-	3,920	-	438	385	-	1,903	$ 6,646
Extendicare - Lethbridge	4,746	-	1,606	6,352	-	-	3,816	-	425	373	-	1,738	$ 6,352
Extendicare - Fort Macleod	1,981	178	692	2,851	-	-	1,748	-	177	155	-	771	$ 2,851
Designated Assisted Living													
Good Samaritans	3,804	-	-	3,804	-	-	-	3,804	-	-	-	-	$ 3,804
Home Care Providers	6,106	-	-	6,106	-	-	-	6,106	-	-	-	-	$ 6,106
Mental Health Community Agencies	654	-	-	654	-	-	-	654	-	-	-	-	$ 654
Total 2003/2004	$ 35,022	$ 178	$ 7,660	$ 42,860	$ 64	$ 468	$ 19,189	$ 10,686	$ 2,114	$ 1,877	$ 101	$ 8,361	$ 42,860
Total 2002/2003	$ 31,776	$ 178	$ 6,126	$ 38,080	$ 771	$ 602	$ 17,979	$ 7,635	$ 2,195	$ 1,804	$ 101	$ 6,993	$ 38,080

Palliser
#2

PALLISER HEALTH REGION

FINANCIAL STATEMENTS

March 31, 2004

Statement of Management Responsibility
Auditors' Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 - Schedule of Expenses by Object
Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
Schedule 3 – Schedule of Deferred Contributions
Schedule 4 – Schedule of Voluntary and Private Health Service Providers

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PALLISER HEALTH REGION
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
Financial Statements
March 31, 2004

The accompanying financial statements are the responsibility of management and have been approved by the Palliser Health Region Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained and assets are adequately accounted for and safeguarded. Palliser has also established a code of ethics and corporate directives, which require communication of the code to employees.

Palliser's board members carry out their responsibility for the financial statements through the Corporate Services Committee. This Committee meets with management and the external auditors, Johnston Morrison Hunter & Co. LLP to discuss and review financial matters, and recommends the financial statements to the Palliser Health Region Board for approval. The external auditors have full and free access to the Corporate Services Committee.

The external auditors Johnston Morrison Hunter & Co. LLP, provide an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Tom Seaman
President

Richard Van Orman
Vice President, Corporate Support Services

JOHNSTON
MORRISON
HUNTER
& Co. LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

TO THE MEMBERS OF THE PALLISER HEALTH REGION
AND THE MINISTER OF ALBERTA HEALTH AND WELLNESS

We have audited the statement of financial position of the **Palliser Health Region** as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Palliser Health Region as at March 31, 2004 and the results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Johnston Morrison Hunter & Co LLP

CHARTERED ACCOUNTANTS

MEDICINE HAT, ALBERTA
MAY 18, 2004

PALLISER HEALTH REGION
STATEMENT OF FINANCIAL POSITION
March 31, 2004
(thousands of dollars)

	2004	2003
ASSETS		
Current assets:		
Cash and short-term investments (note 3)	$5,531	$7,540
Accounts receivable	3,261	2,537
Contributions receivable from Alberta Health and Wellness	464	235
Inventories	858	745
Prepaid expenses	308	473
	10,422	11,530
Non-current investments (note 3)	24,431	24,502
Non-current advance - continuing care partnership project (note 4)	6,390	6,674
Capital assets (note 5)	71,188	71,430
	$112,431	$114,136
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	$10,768	$11,530
Accrued vacation pay	5,893	5,432
Deferred contributions (schedule 3)	5,396	2,610
	22,057	19,572
Deferred contributions - continuing care partnership project	6,390	6,674
Unamortized external capital contributions (note 7)	64,676	67,030
Net assets:		
Accumulated surplus (note 8)	12,796	16,460
Invested in capital assets	6,512	4,400
	19,308	20,860
	$112,431	$114,136

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
STATEMENT OF OPERATIONS
Year ended March 31, 2004
(thousands of dollars)

	Budget	2004 Actual	2003 Actual
	(unaudited - note 10)		
Revenue:			
Alberta Health & Wellness contributions (schedule 3)	*$121,809*	$121,809	$116,109
Other government contributions (schedule 3)	*3,550*	3,550	3,504
Fees and charges (note 11)	*13,711*	14,443	12,262
Ancillary operations, net (note 12)	*199*	254	337
Donations (schedule 3)	*300*	264	520
Investment and other income (note 13)	*2,507*	2,584	2,468
Amortization of external capital contributions (note 7)	*4,984*	5,290	6,080
	147,060	148,194	141,280
Expenses (schedule 1):			
Facility-based inpatient acute care services	*36,813*	37,869	35,383
Facility-based emergency and outpatient services	*6,813*	7,291	6,529
Facility-based continuing care services	*20,368*	20,442	20,655
Community and home-based services	*13,167*	12,959	12,413
Diagnostic and therapeutic services	*25,307*	26,089	24,312
Promotion, prevention and protection services	*4,333*	4,078	3,848
Administration (note 14)	*6,232*	5,908	5,718
Information technology	*2,311*	2,120	1,655
Support services (note 15)	*29,993*	29,751	27,641
Amortization of facilities and improvements	*3,200*	3,239	4,206
	148,537	149,746	142,360
Excess (deficiency) of revenue over expenses	*($1,477)*	($1,552)	($1,080)
		A	B

Footnote A - Deficiency of Revenue over Expenses for 2004 of ($1,552)
The deficiency of revenue over expenses is consistent with the approved 2004 business plan.

Footnote B - Deficiency of Revenue over Expenses for 2003 of ($1,080)
The deficiency of revenue over expenses is principally a result of one-time costs associated with service reductions and a facility closure, as per the 2003 business plan.

PALLISER HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2004
(thousands of dollars)

	Unrestricted	Internally Restricted	Invested in Capital Assets	2004 Total	2003 Total
		(Note 8)			
Excess (deficiency) of revenue over expenses	($1,552)			($1,552)	($1,080)
Capital assets purchased with internal funds	(3,554)		3,554	0	0
Amortization on internally funded capital assets	1,442		(1,442)	0	0
Boundary re-alignment (note 20)					(272)
Net change	(3,664)	0	2,112	(1,552)	(1,352)
Transfer to / from Internally Restricted	2,687	(2,687)		0	0
Net assets, beginning of year	977	15,483	4,400	20,860	22,212
Net assets, end of year	$0	$12,796	$6,512	$19,308	$20,860

PALLISER HEALTH REGION
STATEMENT OF CASH FLOWS
Year ended March 31, 2004
(thousands of dollars)

	Budget	2004 Actual	2003 Actual
	(unaudited - note 10)		
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	*($1,477)*	($1,552)	($1,080)
Non cash transactions:			
Amortization of capital equipment - internally funded	*1,400*	1,442	1,066
Amortization of capital equipment - externally funded	*1,500*	1,767	1,590
Amortization of facilities and improvements	*3,200*	3,268	4,235
Amortization of continuing care partnership project	*284*	284	284
Amortization of external capital contributions (note 7)	*(4,984)*	(5,319)	(6,109)
Change in non-cash working capital		1,584	828
	(77)	1,474	814
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	*(3,250)*	(3,554)	(1,020)
Externally funded - equipment	*(250)*	(2,131)	(601)
Externally funded - facilities and improvements	*(2,400)*	(550)	(1,918)
Purchase of non-current investments	*(3,500)*	(3,518)	(7,386)
Proceeds on sale of non-current investments	*3,500*	3,589	4,733
	(5,900)	(6,164)	(6,192)
Financing activities:			
Capital contributions received	*2,650*	2,681	2,519
	2,650	2,681	2,519
Increase (decrease) in cash and short-term investments	*(3,327)*	(2,009)	(2,859)
Cash and short-term investments, beginning of year	*7,200*	7,540	10,399
Cash and short-term investments, end of year	*$3,873*	$5,531	$7,540

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2004
(thousands of dollars)

1. Authority, Purpose and Operations

The Palliser Health Region ("Palliser") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. Palliser is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

Palliser is responsible for the delivery of appropriate, accessible and affordable health services in south-eastern Alberta ("the Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of Palliser include the following facilities and sites:

Bassano Health Centre
Bow Island Health Centre and Alfred Egan Home
Bow Island Community Health Office
Brooks Health Centre
Brooks Home Care Office
Empress Home Care Office
Medicine Hat Regional Hospital
Medicine Hat Community Health Office - Dunmore Road
Medicine Hat Community Mental Health Office – Provincial Building
Oyen Big Country Hospital and Health Office

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the Region, except to the extent disclosed in Note 18 and Schedule 4.

2. Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 21 issued by Alberta Health and Wellness. The following are the significant accounting policies:

a) Revenue Recognition

(i) Unrestricted Non-Capital Contributions

Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Restricted Non-Capital Contributions

Externally restricted non-capital contributions are recognized as revenue in the year when the related expenses are incurred.

2. Significant Accounting Policies and Reporting Practices (continued)

(iii) Restricted Contributions – Continuing Care Partnership Projects

Externally restricted contributions received for the construction of continuing care facilities in the Region operated by voluntary private health service contract operators are recorded as Deferred Contributions – Continuing Care Partnership Project and are recognized as revenue in the periods in which the related amortization expense of the funded Non-current Advance – Continuing Care Partnership Project is recorded.

(iv) Restricted Capital Contributions

Externally restricted capital contributions are recorded as Deferred Contributions until the contribution is invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to Unamortized External Capital Contributions.

Unamortized External Capital Contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Externally restricted capital contributions for the purchase of land are recorded as direct increases to Investment in Capital Assets.

Investment income subject to external restrictions is deferred and recognized as revenue in the year the related expenses are incurred.

(v) Asset and Service Contributions

Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Volunteers contribute a significant amount of time each year to assist Palliser in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services of volunteers are not reported in these financial statements.

b) Services Contracted from Voluntary and Private Health Service Providers

Palliser accounts for all revenues and costs related to services carried out for which it is responsible.

Palliser contracts with voluntary and private providers to provide health services in the region. Where funding for such services is paid directly to the voluntary or private agency by Alberta Health and Wellness, the amount of such funding is reflected as Alberta Health and Wellness contributions and an equivalent amount is recorded as contracted health service expense of Palliser.

Revenue earned by contracted health service providers from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of Palliser. An equivalent amount is recorded as contracted health service expense of Palliser.

2. Significant Accounting Policies and Reporting Practices (continued)

c) Employee Future Benefits

Palliser participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for Palliser's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which Palliser has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer's contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. Palliser does not record its portion of the pension plan's deficit or surplus.

Palliser fully accrues its obligations for employee non-pension future benefits.

d) Investments

Short-term investments are recorded at the lower of cost and market value.

Non-current investments are recorded at cost unless there has been an other than temporary decline in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized using the straight-line method over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items. It is management's opinion that Palliser is not exposed to significant interest, currency or credit risks arising from these financial instruments, except as disclosed in these financial statements.

f) Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined by the average cost method. In common with general industry practice, inventories are expensed when issued from central inventory locations to the end user departments.

g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

2. Significant Accounting Policies and Reporting Practices (continued)

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

i) Measurement Uncertainty - Use of Estimates and Assumptions

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

3. Cash and Investments

Palliser pools its investment funds with Health Foundations within th. Region. The investments are held in Palliser's name and consist of the following:

	2004	2003
Cash	$ 2,234	$ 2,154
Bonds	32,087	33,720
Less Health Foundations' funds	(4,359)	(3,832)
	$ 29,962	$ 32,042

Cash and investments are classified as follows:

	2004	2003
Cash and short-term investments	$ 5,531	$ 7,540
Non-current investments (unrestricted)	24,431	24,502
	$ 29,962	$ 32,042

Cash has an effective yield related to prime interest rate. Bonds have effective yields of 4.22% to 10.63% (2003 - 4.22% to 11.30%).

Total pooled funds have a market value of $2,626 greater than book value (2003 - $870). Valuation of bonds has been obtained from independent brokerage firms.

Included in cash and short-term investments is $4,331 (2003 - $677) held in a capital bank account representing advances from Alberta Infrastructure for capital and renovation projects. These funds are not available for Palliser's general operations.

At the fiscal year end, the investments have the following maturity structure:

	2004	2003
1 to 5 years	36%	45%
6 to 10 years	47%	34%
11 to 15 years	17%	21%
	100%	100%

4. Non-Current Advance – Continuing Care Partnership Project

Funds received from Alberta Infrastructure and advanced for the construction of continuing care facilities in the Region, operated by voluntary private health service contract operators, are recorded as a non-current advance.

Palliser uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, Palliser finances the capital construction costs and extends an advance, which is secured by the facility and is forgivable for services rendered by the owner over the 25 year life of the facility. The funding received is recorded as Deferred Contributions – Continuing Care Partnership Project and a portion is included in revenue with an offsetting expense in accordance with the accounting policies for restricted contributions described in Note 2 (a) (iii).

During 2002, funding of $7.1 million was received from Alberta Infrastructure and advanced to the Good Samaritan Society for the construction of the 80 bed Southridge Village Project.

5. Capital Assets

	Cost			
	Opening Balance Apr 1 03	Asset Additions	Asset Disposals	Closing Balance Mar 31 04
Land	$ 852	$ -	$ -	$ 852
Buildings	109,277	1,486	-	110,763
Land improvements	2,533	-	-	2,533
Building service equipment	14,312	436	-	14,748
Vehicles and equipment	21,690	5,685	-	27,375
Construction in progress	2,115	(1,372)	-	743
	$ 150,779	$ 6,235	$ -	$ 157,014

	Accumulated Amortization				Net Book Value
	Opening Balance Apr 1 03	Additions	Disposals	Closing Balance Mar 31 04	Closing Balance Mar 31 04
Land	$ -	$ -	$ -	$ -	$ 852
Buildings	53,677	2,582	-	56,259	54,504
Land improvements	2,294	109	-	2,403	130
Building service equip.	11,459	577	-	12,036	2,712
Vehicles and equipment	11,919	3,209	-	15,128	12,247
Construction in progress	-	-	-	-	743
	$ 79,349	$ 6,477	$ -	$ 85,826	$ 71,188

Capital assets have been funded from the following sources:

	2004	2003
Externally funded (Unamortized External Capital Contributions)	$ 64,676	$ 67,030
Internally funded (Invested in Capital Assets)	6,512	4,400
	$ 71,188	$ 71,430

6. Accounts Payable and Accrued Liabilities

	2004	2003
Funds held for third parties – interest bearing	$ 654	$ 618
Funds held for third parties – non-interest bearing	1,529	1,330
Trade payables, payroll and other liabilities	8,585	9,582
	$ 10,768	$ 11,530

7. Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a) (iv). The balance at the end of year represents external capital contributions that will be recognized as revenue in future years when the related capital asset amortization expense is recorded.

	2004	2003
Unamortized external capital contributions, beginning of year	$ 67,030	$ 70,336
Amounts transferred from:		
Deferred Contributions (schedule 3)	2,681	2,519
Amounts recognized as revenue:		
Amortized external capital contributions: Equipment	(1,767)	(1,590)
Amortized external capital contributions: Facilities and Improvements	(3,239)	(4,206)
Amortized external capital contributions: Ancillary operations	(29)	(29)
Unamortized external capital contributions, end of year	$ 64,676	$ 67,030

Amortization of external capital contributions, included in revenue for the year, is as follows:

	2004	2003
Continuing Care Partnership (note 4)	$ 284	$ 284
Capital Assets (above)	5,006	5,796
	$ 5,290	$ 6,080

8. Accumulated Surplus

Palliser's accumulated surplus comprises the following:

	2004	2003
Unrestricted net assets	$ -	$ 977
Internally restricted net assets:		
Commitments to identified capital equipment items	890	1,483
Future capital equipment replacement	11,906	14,000
	$ 12,796	$ 16,460

9. Commitments and Contingencies

Palliser has entered into various multi-year commitments for the purchase of consumables, reagents and chemicals. Also, Palliser contracts on an ongoing basis with unions and health service operators to provide services to the Region. These commitments have contract terms varying from one to eight years in length, are part of the ordinary course of operations and are contracted for in upcoming years on similar terms to those in effect for the current fiscal year.

In the normal course of operations, various claims and lawsuits are brought against Palliser. Palliser has determined that there will be no material adverse effect on its financial position from these claims.

At March 31, 2004, Palliser and the United Nurses of Alberta (UNA) have not yet agreed on contract terms covering UNA staff for the period from April 1, 2003 to March 31, 2004. For fiscal 2004, Palliser has recorded an accrual for its best estimate of the contract settlement costs. The actual contract settlement costs are not known but are not expected to be materially different from the recorded accrual.

10. Budget (unaudited)

	Approved Budget (a)	Additional Funding (b)	Adjust-ments (c)	Reported Budget
Revenue:				
Alberta Health & Wellness contributions	$120,828	$981		$121,809
Other government contributions	3,072	478		3,550
Fees and charges	13,711	0		13,711
Net ancillary operations	199	0		199
Donations	300	0		300
Investment and other income	2,507	0		2,507
Amortization of external capital contributions	4,984	0		4,984
	145,601	1,459	0	147,060
Expenses:				
Facility-based inpatient acute care services	36,890	(77)		36,813
Facility-based emergency & outpatient services	6,813	0		6,813
Facility-based continuing care services	16,267	(12)	4,113	20,368
Community and home-based services	17,280	0	(4,113)	13,167
Diagnostic and therapeutic services	25,307	0		25,307
Promotion, prevention and protection services	4,188	145		4,333
Administration	6,232	0		6,232
Information technology	1,991	320		2,311
Support services	28,910	1,083		29,993
Amortization of facilities and improvements	3,200	0		3,200
	147,078	1,459	0	148,537
Excess (deficiency) of revenue over expenses	($1,477)	$0	$0	($1,477)

(a) **Approved Budget** - The budget was approved by the Palliser Health Region Board in June 2003 and submitted to the Minister for Health and Wellness for approval.

(b) **Additional Funding** - Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations.

(c) **Adjustments** - Budget figures have been reclassified to conform with the presentation of the 2004 actual amounts.

11. Fees and Charges

	Inpatient Resident		Outpatient		Total	
	2004	2003	2004	2003	2004	2003
Acute Care:						
Out-of-province	$ 3,392	$ 3,126	$ 948	$ 942	$ 4,340	$ 4,068
Out-of-country base amount	88	56	28	22	116	78
Out-of-country surcharge	108	69	34	28	142	97
WCB standard charges	405	293	684	741	1,089	1,034
Federal	44	16	164	143	208	159
Uninsured medical services	94	35	107	105	201	140
Preferred accommodation	66	71			66	71
Continuing care semi-private and private	99	98			99	98
	4,296	3,764	1,965	1,981	6,261	5,745
Continuing Care:						
Continuing care ward, semi-private and private	8,182	6,517			8,182	6,517
	$ 12,478	$ 10,281	$ 1,965	$ 1,981	$ 14,443	$ 12,262

12. Ancillary Operations

			2004	2003
	Non-patient Food Services	Other Ancillary Operations	Total	Total
Revenue				
Operating revenue	$ 713	$ 481	$ 1,194	$ 1,267
Amortization of external capital contributions		29	29	29
Direct Expenses				
Other expenses	(713)	(217)	(930)	(924)
Amortization	(10)	(29)	(39)	(35)
Excess of revenue over expenses	($ 10)	$ 264	$ 254	$ 337

Ancillary operations consist of the sale of goods and services that are not related to the direct provision of health services. Other Ancillary Operations include rental operations (RRC building) and parking operations (Medicine Hat).

13. Investment and Other Income

	2004	2003
Investment income	$ 1,876	$ 1,900
Other income	708	568
	$ 2,584	$ 2,468

Investment income comprises interest, amortization of discounts and premiums and net gains on disposal of investments.

Other income comprises WCB compensation, rental income and miscellaneous recoveries.

14. Administration

	2004	2003
General administration	$ 2,579	$ 2,570
Finance	1,273	1,145
Personnel	1,172	1,039
Administration – contract operators (schedule 4)	884	964
	$ 5,908	$ 5,718

15. Support Services

	2004	2003
Building maintenance, operations and security	$ 8,713	$ 8,692
Education	1,112	1,087
Housekeeping	3,109	2,833
Laundry and linen	1,330	1,225
Materials management	1,853	1,763
Patient food services	3,517	3,481
Patient health records	1,422	1,305
Patient registration	1,143	1,073
Patient transportation	942	822
Other	101	96
Support services – contract operators (schedule 4)	6,509	5,264
	$ 29,751	$ 27,641

16. Related Party – Province of Alberta and Other Health Authorities

Palliser is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints Palliser's Board Members. Palliser is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between Palliser and the Province are disclosed in the Statement of Operations and in the notes and schedules to the financial statements.

Palliser shares a common relationship with other health authorities through its relationship with the Province of Alberta. Transactions between Palliser and other health authorities are conducted on normal commercial terms, are not material to the financial statements of Palliser and are reported in the appropriate expense classification in the Statement of Operations.

17. Related Parties - Community Health Foundations

Palliser formed five Foundations in 1996 and has the ability to appoint two of Palliser's Members to each Foundation board.

The Foundations were incorporated under the Regional Health Authorities Act and are registered charities under the Income Tax Act. The Foundations primary activities are to raise funds for the improvement of health care services within their respective communities.

The Foundations are not consolidated in the financial statements of Palliser.

Palliser provides certain fundraising, financial services and administrative support to the Foundations. Because of the difficulty in determining its fair value, this assistance is not reported in the financial statements.

Resources held by the Foundations at the end of the year, representing funds which must be used for specific communities, are as follows:

	Unres-tricted	Externally Restricted	2004 Total	2003 Total
Bassano & District Health Foundation	$ 7	$ 13	$ 20	$ 20
Bow Island & District Health Foundation	28	23	51	37
Brooks & District Health Foundation	205	47	252	277
Medicine Hat & District Health Foundation	3,024	971	3,995	3,428
Oyen & District Health Care Foundation	40	7	47	60
	$ 3,304	$ 1,061	$ 4,365	$ 3,822

Contributions received by Palliser during the year, representing the purchase cost of capital and non-

capital items selected by the Foundations, are as follows:

	2004	2003
Bassano & District Health Foundation	$ 32	$ 58
Bow Island & District Health Foundation	41	54
Brooks & District Health Foundation	152	136
Medicine Hat & District Health Foundation	463	375
Oyen & District Health Care Foundation	51	27
	$ 739	$ 650

18. Related Parties - Voluntary and Private Health Service Providers

Palliser contracts with voluntary and private health service operators to provide health services in the Region. Transactions between Palliser and health service operators are conducted on normal commercial terms and the amounts of the contracted health services for the year are presented in Schedule 4.

19. Pension Costs

Palliser participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to Palliser's annual contributions payable of $3,221 for the year ended March 31, 2004 (2003 - $2,581).

At December 31, 2003, the Local Authorities Pension Plan reported an actuarial deficiency of $1,411 million (December 31, 2002 - actuarial deficiency of $445 million).

20. Boundary Realignment

Effective April 1, 2003, the Minister of Health and Wellness disestablished eight of the Province's seventeen regional health authorities and re-aligned the boundaries of the nine continuing ones. The assets, liabilities and net assets of Regional Health Authority 5 have been assumed in part by Palliser at carrying value.

21. Comparative Figures

Certain 2003 figures have been reclassified and restated to conform to the 2004 presentation.

22. Approval of Financial Statements

These financial statements have been approved by the Palliser Health Region Board.

PALLISER HEALTH REGION **Schedule 1**

SCHEDULE OF EXPENSES BY OBJECT
Year ended March 31, 2004
(thousands of dollars)

	Budget	2004 Actual	2003 Actual
	(unaudited - note 10)		
Salaries, benefits, allowances & severance (schedule 2)	*$86,616*	$87,334	$83,629
Contracts with health service operators (schedule 4)	*25,383*	24,583	22,742
Drugs, gases, medical and surgical supplies	*6,650*	6,940	6,330
Other contracted services	*7,360*	7,694	7,154
Other expenses	17,144	17,403	16,289
Amortization:			
Capital equipment - internally funded	*1,400*	1,442	1,066
Capital equipment - externally funded	*1,500*	1,767	1,590
Facilities and improvements	*3,200*	3,268	4,235
Continuing care partnership project	*284*	284	284
Less amounts reported in ancillary operations (note 12)	*(1,000)*	(969)	(959)
	$148,537	$149,746	$142,360

PALLISER HEALTH REGION **Schedule 2(a)**

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
Year ended March 31, 2004
(thousands of dollars)

	2004						2003				
	FTE *(a)*	Salaries and Honoraria (b)	Benefits and Allowances (c)	Severance (d)	Total	Average salaries & benefits	*FTE* *(a)*	Salaries, Benefits & Allowances (b) (c)	Severance (d)	Total	Average salaries & benefits
Board Members Compensation:											
Len Mitzel (Chair)		$32			$32			$32		$32	
Jim Black		9			9			10		10	
Hugh English		10			10			8		8	
Jim Hern								7		7	
Leo Hill		8			8			8		8	
Albert McFadyen		14			14			13		13	
Leva Olstad		11			11			11		11	
Lynne Sangster		8			8			9		9	
Ken Sauer		8			8			9		9	
Carol Secondiak		12			12			13		13	
Martin Shields		11			11			9		9	
Rod Sommerfeld		10			10			8		8	
		$133			$133			$137		$137	
Staff:											
President / Chief Executive Officer	*1.0*	189	27		216		*1.0*	201		201	
Senior Vice President Health Services	*1.0*	139	22		161		*1.0*	149		149	
Vice President Corporate / Support Services	*1.0*	123	20		143		*1.0*	134		134	
Vice President Community Health	*1.0*	112	19		131		*1.0*	123		123	
Regional Chief of Staff	*0.8*	228			228		*0.8*	222		222	
Other Management reporting to those above	*25*	2,126	377		2,503	$100	*25*	2,409		2,409	$96
Other Management	*40*	3,230	573		3,803	$95	*40*	3,608	56	3,664	$90
Regulated Nurses - RNs, RPNs, Grad Nurses	*390*	27,293	4,842		32,135	$82	*386*	30,528	163	30,691	$79
Regulated Nurses - LPNs	*107*	4,360	774		5,134	$48	*114*	5,218		5,218	$46
Other Health Technical & Professional	*152*	9,606	1,704		11,310	$74	*152*	10,033		10,033	$66
Unregulated Health Service Providers	*156*	4,705	835		5,540	$36	*157*	5,290		5,290	$34
Other Staff	*593*	21,995	3,902		25,897	$44	*538*	22,623	121	22,744	$42
Prior Year Adjustment to Salaries and Benefits:											
Alberta Mental Health & RHA 5								2,614		2,614	
	1468	$74,239	$13,095	$0	$87,334		*1417*	$83,289	$340	$83,629	

The accompanying notes (a) to (d) are part of this Schedule

PALLISER HEALTH REGION **Schedule 2(b)**

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES & SEVERANCE - NOTES
Year ended March 31, 2004
(thousands of dollars)

(a) FTE

Full time equivalent (FTE) has been determined at the rate of 2,023 annual hours for each full time employee.

Full time equivalent for Board Members has not been calculated as these individuals are remunerated on a stipend basis.

The total actual discrete number of individuals employed during the year was 2,285 (2003 - 2,298).

(b) Salaries and Honoraria

Salaries and honoraria include regular base pay, overtime, lumpsum payments, shift differential, honoraria, sick leave, vacation leave earned and other remuneration.

(c) Benefits and Allowances

Benefits and allowances represent employer contributions or payments made on behalf of employees including:

Employment insurance
Canada pension plan
Provincial pension plan
Workers compensation
Health and dental coverage
Long term and short term disability plans
Accidental death and dismemberment plans
Group life insurance

(d) Severance

Severance includes all amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

The severance recorded during the year represents payments to 0 employees (2003 - 18).

PALLISER HEALTH REGION

Schedule 3

SCHEDULE OF DEFERRED CONTRIBUTIONS
Year ended March 31, 2004
(thousands of dollars)

	Opening Balance April 1, 2003	Amounts Received or Receivable			Amounts Recognized as Revenue			Transfer to Unamort. External Capital Contrib.	Closing Balance March 31, 2004
		Alberta Health & Wellness	Other Governmt Contrib.	Foundations	Alberta Health & Wellness	Other Governmt Contrib.	Foundations		
Alberta Health & Wellness Unrestricted Contributions:									
Global Funding		$ 118,146	-	-	$ 118,146	-	-	-	$ -
Legacy Mortgage Assistance Program		203	-	-	203	-	-	-	-
Alberta Health & Wellness Restricted Contributions:									
Physician On Call		2,736	-	-	2,360	-	-	-	376
Diagnostic/Medical Equipment		1,329	-	-	-	-	-	1,329	-
Early Childhood Development		344	-	-	194	-	-	-	150
Telehealth Operating		60	-	-	60	-	-	-	-
Children's Health Initiative		58	-	-	58	-	-	-	-
Equipment and Information Systems	326	-	-	-	-	-	-	326	-
Geriatric Assessment Unit (Hlth Innovation)	469	-	-	-	469	-	-	-	-
Transition, Privacy and Security	319	-	-	-	319	-	-	-	-
Other Government Restricted Contributions:									
PDD - Alfred Egan Home Funding		-	2,558	-	-	2,558	-	-	-
Alberta Infrastructure - Infrastructure Mtce	1,294	-	1,183	-	-	790	-	551	1,136
Alberta Infrastructure - HSI funding		-	3,734	-	-	-	-	-	3,734
Alberta Seniors - Healthy Aging Partnership Initiative	202	-	-	-	-	202	-	-	-
Foundations:									
Funding of Equipment and Programs		-	-	739	-	-	264	475	-
Total 2003/04	$ 2,610	$ 122,876	$ 7,475	$ 739	$ 121,809	$ 3,550	$ 264	$ 2,681	$ 5,396
Total 2002/03	$ 4,482	$ 116,709	$ 3,421	$ 650	$ 116,109	$ 3,504	$ 520	$ 2,519	$ 2,610

PALLISER HEALTH REGION

Schedule 4

SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS

Year ended March 31, 2004

(thousands of dollars)

	Providers' Revenue				Providers' Expenditures						
	Direct Palliser Funding	Direct Alberta Health Funding	Approved Patient Fees & Charges	Total	Facility based Continuing care services	Community & Home-based services	Diagnostic & Therapeutic services	Promotion, Prevent. & Protect. services	Administration	Support services	Total
A. Voluntary Providers											
Good Samaritan Society	$ 2,887		$ 1,200	$ 4,087	$ 2,144	$ 165	$ 155	-	$ 139	$ 1,484	$ 4,087
South Country Village	3,576		1,500	5,076	3,151	-	230	-	195	1,500	5,076
B. Private Providers											
Agecare	1,515	-	700	2,215	1,328	-	100	-	87	700	2,215
Central Park Lodge	5,138	203	2,200	7,541	4,495	-	349	-	294	2,403	7,541
Medicine Hat Diagnostic Lab	4,222	-	-	4,222	-	-	3,631	-	169	422	4,222
Leisure Way & Meadowlands	445	-	-	445	445	-	-	-	-	-	445
Other Private Providers	997	-	-	997	-	435	386	176	-	-	997
Total 2003/04	$ 18,780	$ 203	$ 5,600	$ 24,583	$ 11,563	$ 600	$ 4,851	$ 176	$ 884	$ 6,509	$ 24,583

Total 2002/03	$ 18,139	$ 203	$ 4,400	$ 22,742	$ 11,111	$ 322	$ 4,674	$ 407	$ 964	$ 5,264	$ 22,742

Calgary
#3

Calgary Health Region

Consolidated Financial Statements

March 31, 2004

CALGARY HEALTH REGION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2004

Auditor's Report

Management's Responsibility for Financial Reporting

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 - Consolidated Schedule of Expenses by Object

Schedule 2 - Consolidated Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Consolidated Schedule of Deferred Contributions

Schedule 4 – Consolidated Schedule of Contracts with Health Service Operators

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Calgary Health Region
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Calgary Health Region ("the Region") as at March 31, 2004 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
June 4, 2004, except as to Note 26
which is as of June 30, 2004

CALGARY HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2004

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Region. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Region members carry out their responsibility for the consolidated financial statements through the Finance and Audit Committee. This Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the consolidated financial statements to the Calgary Health Region Board for approval. The Auditor General of Alberta has full and free access to the Finance and Audit Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

Jack Davis
President and Chief Executive Officer

Kay Best

Kay Best, FCA
Senior Vice President, Risk Management and
Chief Financial Officer

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2004

(thousands of dollars)

	2004 Actual	2003 Actual (Restated) (See Note 25)
ASSETS		
Current		
Cash and temporary investments (Note 3)	$ 173,260	$ 146,249
Accounts receivable	38,983	30,231
Contributions receivable from Alberta Health and Wellness	13,306	19,285
Donations receivable (Note 20 (c)(ii))	-	12,454
Inventories	19,003	19,905
Prepaid expenses	3,098	4,122
	247,650	232,246
Non-current investments (Note 3)	87,523	151,239
Capital assets (Note 4)	802,763	726,353
Lease receivable (Note 9)	8,465	
Other assets (Note 5)	3,552	3,697
TOTAL ASSETS	$ 1,149,953	$ 1,113,535
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 157,093	$ 130,669
Accrued vacation pay	67,884	63,993
Current portion of deferred contributions (Schedule 3)	29,948	24,690
Current portion of obligations under capital leases (Note 9)	204	293
	255,129	219,645
Deferred contributions (Schedule 3)	30,336	33,466
Deferred capital contributions (Note 6)	60,739	96,779
Obligations under capital leases (Note 9)	16,927	16,956
Long term employee benefit liabilities	16,625	15,868
Unamortized external capital contributions (Note 7)	703,641	613,391
	1,083,397	996,105
Net Assets:		
Accumulated surplus (deficit) (Note 8)	(24,002)	21,717
Investment in capital assets	90,558	95,713
	66,556	117,430
Commitments (Notes 10 and 17)		
TOTAL LIABILITIES AND NET ASSETS	$ 1,149,953	$ 1,113,535

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	2004 Budget (Note 11)	2004 Actual	2003 Actual (Restated) (See Note 25)
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 1,557,244	$ 1,554,320	$ 1,464,125
Other government contributions (Note 13)	22,061	22,709	20,270
Fees and charges (Note 14)	122,633	123,150	107,595
Ancillary operations, net (Note 15)	9,857	10,069	7,627
Donations	8,646	6,170	14,271
Investment and other income (Note 16)	73,948	71,586	64,207
Amortization of external capital contributions (Note 7)	48,542	49,544	43,142
TOTAL REVENUE	1,842,931	1,837,548	1,721,237
Expenses (Schedule 1)			
Facility-based inpatient acute nursing care services	524,834	541,420	497,291
Facility-based emergency and outpatient services	231,176	238,818	208,313
Facility-based continuing care services	152,301	152,615	147,663
Community and home-based services	143,972	142,828	131,951
Diagnostic and therapeutic services	369,062	370,981	345,369
Promotion, prevention and protection services	46,844	46,337	41,216
Research and education	22,778	22,271	18,897
Administration (Note 18)	58,377	54,117	49,934
Information technology	39,658	40,455	39,494
Support services (Note 19)	251,883	252,503	231,740
Amortization of facilities and improvements	27,046	26,059	22,956
TOTAL EXPENSES	1,867,931	1,888,404	1,729,824
Deficiency of revenue over expenses	$ (25,000)	$ (50,856)	$ (8,587)

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	2004				2003
	Unrestricted (Note 8)	Internally Restricted (Note 8)	Investment in Capital Assets	Total	Total (Restated) (See Note 25)
Deficiency of revenue over expenses	$ (50,856)	$ -	$ -	$ (50,856)	$ (8,587)
Capital assets purchased with internal funds	-	(13,124)	13,124	-	-
Amortization of internally funded capital assets	18,379	-	(18,379)	-	-
Repayment of obligations under capital lease	(118)	-	118	-	-
Boundary re-alignment (Note 25 (a))	-	-	-	-	(3,536)
Boundary re-alignment (Note 25 (b))	-	-	-	-	(24)
Other	-	-	(18)	(18)	(484)
Net change	(32,595)	(13,124)	(5,155)	(50,874)	(12,631)
Transfer to unrestricted	11,712	(11,712)	-	-	-
Balance, beginning of year	(3,119)	24,836	95,713	117,430	130,061
Balance, end of year	$ (24,002)	$ -	$ 90,558	$ 66,556	$ 117,430

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	2004		2003
	Budget	Actual	Actual (Restated) (See Note 25)
Operating activities:			
Deficiency of revenue over expenses	$ (25,000)	$ (50,856)	$ (8,587)
Non-cash transactions:			
Amortization (Schedule 1)	66,822	68,802	61,550
Amortization of external capital contributions (Note 7)	(48,406)	(50,423)	(43,909)
Decrease in other assets (Note 5)	145	145	145
Decrease in non-current deferred contributions	(2,929)	(3,130)	(4,164)
Increase (decrease) in long-term employee benefit liabilities	(868)	757	828
	(10,236)	(34,705)	5,863
Changes in non-cash working capital	(7,418)	47,282	18,744
Cash generated from (used by) operations	(17,654)	12,577	24,607
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	-	(10,934)	(8,900)
Internally funded - facilities and improvements	-	(2,190)	(8,838)
Externally funded - equipment (Note 6)	(32,302)	(45,206)	(27,691)
Externally funded - facilities and improvements (Note 6)	(125,568)	(99,418)	(72,128)
Funded under long-term debt	(30,317)	-	-
Funded under capital leases - building	-	-	(17,247)
Investment in lease receivable (Note 9)	-	(8,567)	-
Sublease building under capital lease (Note 9)	-	8,567	-
Proceeds on disposal of land	-	3,713	-
Net change in non-current investments	100,490	63,716	61,946
Cash used by investing activities	(87,697)	(90,319)	(72,858)
Financing activities:			
Capital contributions, net of refunds (Note 6)	85,000	104,871	17,179
Net proceeds from long-term debt	30,317	-	-
Increase (decrease) in obligations under capital leases, net	-	(118)	16,997
Change in capital contributions receivable	-	-	18,198
Other	-	-	(484)
Cash generated from financing activities	115,317	104,753	51,890
Increase in current cash and temporary investments	9,966	27,011	3,639
Current cash and temporary investments, beginning of year	134,633	146,249	142,610
Current cash and temporary investments, end of year	$ 144,599	$ 173,260	$ 146,249

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2004

Note 1 Authority, Purpose and Operations

The Calgary Regional Health Authority was established June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Region adopted the name Calgary Health Region (the "Region") in May 2001. The Region is exempt from payment of income tax and is also a registered charity under the Income Tax Act.

The Region is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Region include the following facilities and sites:
- Calgary acute care facilities:
  - Alberta Children's Hospital
  - Foothills Medical Centre
  - Peter Lougheed Centre
  - Rockyview General Hospital
- Psychiatric rehabilitation facility
  - Claresholm Care Centre
- Rural acute and continuing care facilities:
  - Canmore General Hospital
  - Claresholm General Hospital
  - Didsbury District Health Services
  - High River General Hospital
  - Little Bow Continuing Care Centre (in Carmangay)
  - Oilfields General Hospital (in Black Diamond)
  - Strathmore District Health Services
  - Vulcan Community Health Centre
  - Willow Creek Continuing Care Centre (in Claresholm)
- Carewest continuing care facilities:
  - Colonel Belcher
  - Cross Bow
  - Dr. Vernon Fanning Centre
  - George Boyack
  - Glenmore Park
  - Nickle House
  - Royal Park
  - Signal Pointe
  - Sarcee

Note 1 Authority, Purpose and Operations (continued)

Community Health Centres and health units for public health and community care – twelve sites within Calgary and twelve sites outside of Calgary.

Mental health clinics – ten throughout the Region.

Laboratory services – Provincial Laboratory for Southern Alberta located at the Foothills Medical Centre.

These consolidated financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health care services in the region. Certain information on these facilities is disclosed in Note 20(f) and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directives 21 and 23 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements have been prepared on a consolidated basis, except that foundations are not consolidated. The Region consolidates the Calgary Health Region and its wholly owned subsidiaries: Carewest; 1063616 Alberta Ltd. which includes its 0.001% interest in Telus Sourcing Solutions Limited Partnership; and 703590 Alberta Inc. which includes the proportionate consolidation of its 49.99% interest in Calgary Laboratory Services. Information on foundations and Carewest is disclosed in Note 20 (c) and (e).

(2) These consolidated financial statements were prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year the related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until expended on capital assets. Amounts expended, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

(iv) Externally restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(3) The comparatives in these consolidated financial statements, notes and schedules have been restated as a result of the boundary realignments disclosed in Note 25.

(b) Full Cost

The Region accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of service is recorded. Fair value transactions consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as fees and charges of the Region. An equivalent amount is recorded as program expenses as this revenue funds part of the cost of the Region's programs.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Region's programs.

(iii) The fair value for use of acute care facilities not owned by the Region is recorded as revenue from government contributions and as program expenses, as contract payments from the Region do not include an amount for the use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Region in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these consolidated financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Region's participating employees, based on years of service and earnings. Defined contribution plan accounting has been applied because the Region has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Region does not record its portion of the pension plan's deficit or surplus.

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation are amortized over the average remaining service life of the group.

The Region also provides a defined contribution pension plan for one employee group.

The Region fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Temporary and non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(e) Financial Instruments

The carrying values of cash and temporary investments, accounts receivable, contributions receivable from Alberta Health and Wellness, donations receivable, accounts payable and accrued liabilities, and accrued vacation pay approximate their fair value because of the short-term maturity of these items. The carrying values of lease receivable and obligations under capital lease approximate their fair values because the interest rates approximate market values.

(f) Inventories

Inventories are valued at the lower of cost (defined as moving average) and net replacement value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets and construction in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	5 - 40 years
Buildings and improvements	10 - 40 years
Building service equipment	10 - 40 years
Leased buildings	term of lease
Equipment	3 - 20 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Region are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

(i) Trust Funds Received by the Region for Non-owned Facilities

The Region receives trust funds from Alberta Infrastructure to pay to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 24.

(j) Measurement Uncertainty

The consolidated financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on the estimated useful life of the related assets. Actual results could differ from these estimates. The Region has unsettled labor contracts at March 31, 2004 and has accrued for any amounts related to the current year using management's best estimate.

Note 3 Cash and Investments

	2004	2003
	(thousands of dollars)	
Cash	$ 70,270	$ 99,246
T-Bills, commercial paper and discount notes	23,556	40,424
Bonds (market value 2004 - $120,309)	112,252	107,975
Equities (market value 2004 - $69,198)	54,705	49,843
	$ 260,783	$ 297,488
Cash and cash equivalents	$ 93,826	$ 139,670
Temporary investments	79,434	6,579
Current cash and temporary investments	173,260	146,249
Non-current investments	87,523	151,239
	$ 260,783	$ 297,488
Market value of current and non-current cash and investments	$ 283,348	$ 299,705

(a) Income and financial returns on cash and investments are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

In order to earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 0% to 80% for fixed income instruments and 0% to 50% for equities. Non-Canadian equities are further limited to a range between 0% to 10% of the total portfolio. Risk is reduced through asset class diversification and quality constraints on fixed-income and equity instruments.

(b) T-bills, commercial paper and discount notes mature between sixteen to forty-seven days and bear interest at an average effective yield of 2.09%. Such financial instruments are limited to a rating of R-1 or A-1 or higher.

Note 3 Cash and Investments (continued)

(c) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix. Fixed-income securities are invested in bonds with a rating of A low or higher.

Fixed income securities, such as bonds, have an effective yield of 5.53% per annum based on the market for securities maturing between one and thirty years. As at March 31, 2004, the securities have the following term structure based on par:

Under 1 year	0.79%
1 – 5 years	38.66%
5 – 10 years	44.27%
Over 10 years	16.28%

(d) Equities are comprised of publicly traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation. During the year, the Region determined that an other-than-temporary impairment in value of some equities had occurred. These equities were written down by $543,000 (2003 - $1,075,000) to reflect this other-than-temporary impairment in value.

(e) Non-current investments represent the following:

	2004	2003
	(thousands of dollars)	
Deferred capital contributions (Note 6)	$ 60,739	$ 96,779
Internally restricted for capital purposes (Note 8)	-	24,836
Externally restricted for long-term care partnerships (Note 17)	26,784	29,624
	$ 87,523	$ 151,239

Note 4 Capital Assets

	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		(thousands of dollars)		
Buildings and improvements	$ 703,116	$ 313,619	$ 389,497	$ 381,035
Equipment	368,475	230,152	138,323	135,561
Construction in progress	137,435	-	137,435	71,681
Leased buildings and improvements (b)	104,867	34,483	70,384	82,112
Building service equipment	51,637	15,119	36,518	24,990
Land (a)	24,594	-	24,594	27,843
Land improvements	10,294	4,282	6,012	3,131
	$ 1,400,418	$ 597,655	$ 802,763	$ 726,353

	Cost			
	Balance April 1, 2003	Additions	Disposals	Balance March 31, 2004
		(thousands of dollars)		
Buildings and improvements	$ 673,914	$ 29,202	$ -	$ 703,116
Equipment	335,429	45,206	(12,160)	368,475
Construction in progress	71,681	65,774	(20)	137,435
Leased buildings and improvements (b)	113,010	482	(8,625)	104,867
Building service equipment	37,747	13,890	-	51,637
Land (a)	27,843	-	(3,249)	24,594
Land improvements	7,100	3,194	-	10,294
	$ 1,266,724	$ 157,748	$ (24,054)	$ 1,400,418

	Accumulated Amortization			
	Balance April 1, 2003	Amortization	Disposals	Balance March 31, 2004
		(thousands of dollars)		
Buildings and improvements	$ 292,879	$ 20,740	$ -	$ 313,619
Equipment	199,868	41,891	(11,607)	230,152
Leased buildings and improvements (b)	30,898	3,585	-	34,483
Building service equipment	12,757	2,513	(151)	15,119
Land improvements	3,969	329	(16)	4,282
	$ 540,371	69,058	$ (11,774)	$ 597,655
Boundary realignment (Note 25(b))		(256)		
		$ 68,802		

Note 4 Capital Assets (continued)

(a) Land

Land at the following sites has been provided to the Region at nominal values:

Site	Leased from	Lease Period
Alberta Children's Hospital (currently in use)	Province of Alberta	Expires on April 1, 2012 with an option for renewal for a further ten years.
Alberta Children's Hospital (under construction)	University of Calgary	Expires on December 21, 2101 with an option for renewal for a term to be negotiated.
Peter Lougheed Centre	Province of Alberta	Expires on July 28, 2008 with an option for renewal for a further ten years.
Banff Health Unit	Mineral Springs Hospital	Expires on January 30, 2028.

(b) Leased Buildings and Improvements

Included in leased buildings and improvements are the Peter Lougheed Centre, space leased from the University of Calgary to accommodate a high volume lab facility (Note 9), and leasehold improvements.

(c) Funding

Capital assets have been funded from the following sources:

	2004	2003
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 7)	$ 703,641	$ 613,391
Internally funded (investment in capital assets)	90,558	95,713
Financed by debt (Note 9):		
Capital lease	17,131	17,249
Less lease receivable	(8,567)	-
	$ 802,763	$ 726,353

Note 5 Other Assets

Other assets consists of a non-interest bearing collateral mortgage against the property of a voluntary health service operator. The original mortgage agreement was valued at $4,350,000 in 2000 when the facility was substantially complete. The mortgage is being forgiven by the Region at 3 1/3% of the principal amount per annum.

	2004	2003
	(thousands of dollars)	
Current (included in accounts receivable)	$ 145	$ 145
Non-current	3,552	3,697
	$ 3,697	$ 3,842

Note 6 Deferred Capital Contributions

Deferred capital contributions represent amounts accounted for in accordance with the accounting policy described in Note 2(a)(2).

	2004	2003
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	$ 17,696	$ 3,402
Alberta Infrastructure	65,847	4,067
Donations	17,065	8,919
Other	3,063	1,092
Transferred from deferred contributions (Schedule 3)	1,200	(301)
	104,871	17,179
Disposals transferred from unamortized external capital contributions (Note 7)	3,713	-
Purchases transferred to unamortized external capital contributions (Note 7)	(144,624)	(99,819)
Change during the year	(36,040)	(82,640)
Balance, beginning of year	96,779	179,419
Balance, end of year	$ 60,739	$ 96,779
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement	$ 950	$ 6,193
Construction projects	59,789	90,586
	$ 60,739	$ 96,779

Note 7 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a)(2). The balance at the end of the year represents the external capital contributions that will be recognized as revenue in future years.

	2004	2003
	(thousands of dollars)	
Balance, beginning of year	$ 613,391	$ 557,759
Purchases transferred from deferred capital contributions (Note 6)	144,624	99,819
Disposals transferred to deferred capital contributions (Note 6)	(3,713)	-
Boundary realignment (Note 25(b))	(238)	(278)
Less amounts recognized as revenue:		
Amortization of external capital contributions - Equipment	(26,026)	(22,315)
Amortization of external capital contributions - Facilities and improvements	(23,518)	(20,827)
	(49,544)	(43,142)
Amortization of external capital contributions - Ancillary operations (Note 15)	(879)	(767)
	(50,423)	(43,909)
Balance, end of year	$ 703,641	$ 613,391

Note 8 Accumulated Surplus (Deficit)

	2004	2003
	(thousands of dollars)	
Deficiency in unrestricted net assets	$ (24,002)	$ (3,119)
Internally restricted net assets:		
Amounts restricted for capital commitments	-	7,863
Future capital replacement	-	16,971
Other	-	2
	-	24,836
	$ (24,002)	$ 21,717

Note 9 Lease Receivable and Obligations under Capital Leases

During the prior year, the Region entered into a capital lease with the University of Calgary to accommodate a new high volume lab facility. During the current year, the Region entered into a direct financing lease with Calgary Lab Services ("CLS") to transfer to CLS the space leased from the University of Calgary. The terms of the two leases are similar with a 25 year term and an implicit interest rate of 6.5% compounded annually. Future payments are disclosed in Note 10 (a).

The Region has a 49.99% interest in CLS. These statements include the original lease obligation to the University of Calgary, a leased capital asset for 49.99% (Note 4(b)), and a lease receivable from CLS for 50.01%.

	2004	2003
	(thousands of dollars)	
Lease receivable		
Current portion (included in accounts receivable)	$ 102	$ -
Non-current portion	8,465	-
	$ 8,567	$ -
Obligation under capital lease		
Current portion	$ 204	$ 293
Non-current portion	16,927	16,956
	$ 17,131	$ 17,249

Note 10 Commitments

(a) Leases

The Region is contractually committed to future operating and capital lease payments until 2028 as follows:

Year ended March 31	Operating	Capital	Total
	(thousands of dollars)	(Note 9)	
2005	$ 8,542	$ 1,318	$ 9,860
2006	6,632	1,318	7,950
2007	6,442	1,318	7,760
2008	5,837	1,318	7,155
2009	5,674	1,356	7,030
Thereafter	17,052	29,018	46,070
	$ 50,179	35,646	$ 85,825
Amount representing interest		(18,515)	
		$ 17,131	

Note 10 Commitments (continued)

(b) Capital Assets

The Region has the following outstanding contractual commitments for capital assets:

	2004	2003
	(thousands of dollars)	
Construction	$ 194,002	$ 35,410
Equipment	16,071	2,179
Information systems	9,919	3,342
	$ 219,992	$ 40,931

(c) Health Service Operators

The Region contracts on an ongoing basis with voluntary, private and community health service operators to provide health services in the Region (Schedule 4). The Region has contracted for services in the year ending March 31, 2005 similar to those provided by these operators in 2004.

(d) Legal

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Region believes there will be no material adverse effect on the financial position of the Region.

Note 11 Budget

	Approved Budget	Additional Funding	Adjustments	Reported Budget
		(thousands of dollars)		
Revenue				
Alberta Health and Wellness contributions	$ 1,529,777	$ 10,050	$ 17,417	$ 1,557,244
Other government contributions	18,713	-	3,348	22,061
Fees and charges	118,833	454	3,346	122,633
Ancillary operations, net	9,137	(1)	721	9,857
Donations	8,075	-	571	8,646
Investment and other income	74,474	44	(570)	73,948
Amortization of external capital contributions	48,407	136	(1)	48,542
TOTAL REVENUE	1,807,416	10,683	24,832	1,842,931
Expenses				
Facility-based inpatient acute nursing care services	534,335	7,830	(17,331)	524,834
Facility-based emergency and outpatient services	225,922	242	5,012	231,176
Facility-based continuing care services	206,166	860	(54,725)	152,301
Community and home-based services	119,314	113	24,545	143,972
Diagnostic and therapeutic services	361,463	438	7,161	369,062
Promotion, prevention and protection services	42,672	80	4,092	46,844
Research and education	21,542	-	1,236	22,778
Administration	62,093	-	(3,716)	58,377
Information technology	40,771	-	(1,113)	39,658
Support services	192,911	1,086	57,886	251,883
Amortization of facilities and improvements	25,227	34	1,785	27,046
TOTAL EXPENSES	1,832,416	10,683	24,832	1,867,931
Deficiency of revenue over expenses	$ (25,000)	$ -	$ -	$ (25,000)

(1) The budget was approved by the Board of the Region on June 24, 2003 and submitted to the Minister of Alberta Health and Wellness on June 30, 2003.

(2) Additional funding was received for the boundary change effective December 2003, related to the southern portion of Mountain View County. Additional unrestricted funding was also received for operations and maintenance.

(3) Adjustments relate to classification changes to ensure budgeted revenue and expenses conform with actual reporting classifications.

Note 12 Alberta Health and Wellness Contributions

	2004	2003
	(thousands of dollars)	
Unrestricted contributions	$ 1,481,636	$ 1,403,970
Transfers from deferred contributions (Schedule 3)	71,510	58,975
Contributions made directly by Alberta Health and Wellness to contracted operators (Schedule 4)	1,174	1,180
	$ 1,554,320	$ 1,464,125

Note 13 Other Government Contributions

	2004	2003
	(thousands of dollars)	
Unrestricted contributions	$ 5,503	$ 5,352
Restricted contributions transferred from deferred contributions (Schedule 3)	13,549	11,066
Full cost adjustments:		
Fair value for use of non-owned acute care facilities (Schedule 4)	401	401
Fair value for use of non-owned non-acute care facilities	3,256	3,451
	$ 22,709	$ 20,270

Note 14 Fees and Charges

	2004			2003		
	Inpatient/ Resident	Outpatient	Total	Inpatient/ Resident	Outpatient	Total
			(thousands of dollars)			
Acute care:						
Out-of-province	$ 32,095	$ 3,722	$ 35,817	$ 30,597	$ 3,687	$ 34,284
Out-of-country	4,461	540	5,001	4,519	554	5,073
Workers Compensation Board	5,218	2,983	8,201	4,933	3,137	8,070
Federal government	20	43	63	127	37	164
Other Alberta government	157	18	175	140	5	145
Uninsured medical services	521	172	693	362	153	515
Preferred accommodation	1,836	-	1,836	2,050	-	2,050
Continuing care standard ward	650	-	650	366	-	366
Continuing care semi-private	97	-	97	65	-	65
Continuing care private	96	-	96	111	-	111
Continuing care:						
Continuing care standard ward	2,182	-	2,182	2,315	-	2,315
Continuing care semi-private	9,870	-	9,870	8,165	-	8,165
Continuing care private	5,913	-	5,913	4,496	-	4,496
Workers Compensation Board	11	-	11	2	-	2
Federal government	1,475	-	1,475	841	-	841
Home care	-	404	404	-	320	320
Public health	-	1,135	1,135	-	976	976
Other	3,048	123	3,171	2,811	247	3,058
Fees and charges – contracted operators (Schedule 4)	46,360	-	46,360	36,579	-	36,579
	$ 114,010	$ 9,140	$ 123,150	$ 98,479	$ 9,116	$ 107,595

Note 15 Ancillary Operations

	2004					2003
	Non-Patient Food Services	Parking Operations	Rental Operations	Sales of Goods and Services	Total	Total
	(thousands of dollars)					
Revenue						
Revenue	$ 9,480	$ 14,192	$ 1,446	$ 5,022	$ 30,140	$ 25,919
Amortization of external capital contributions	18	861	-	-	879	767
	9,498	15,053	1,446	5,022	31,019	26,686
Expenses						
Direct expenses	8,901	3,221	547	3,859	16,528	14,927
Amortization	26	947	-	-	973	854
	8,927	4,168	547	3,859	17,501	15,781
Excess of revenue over expenses	$ 571	$ 10,885	$ 899	$ 1,163	13,518	10,905
Less:						
Administrative support to Calgary Health Trust (Note 20 (c)(ii))					3,449	3,278
Net ancillary revenue					$ 10,069	$ 7,627

Note 16 Investment and Other Income

	2004	2003
	(thousands of dollars)	
Recoveries:		
Services	$ 31,183	$ 28,966
Drugs	11,946	9,568
Compensation	6,596	6,470
Materials	2,351	2,854
Other	1,801	1,662
	53,877	49,520
Investment income	11,294	6,916
Other income – contracted operators (Schedule 4)	720	914
Grants	700	1,074
Other income	4,995	5,783
	$ 71,586	$ 64,207

Investment income comprises interest, dividends, amortization of discounts and premiums, net gains on disposals, and writedowns.

Note 17 Long-term Care Partnership

Facility-based continuing care services include expenses associated with long-term care partnership projects of $1,818,000 (2003 - $1,489,000).

The Government has supported long-term care partnership projects by providing one-time, up-front funding to enable the Region to make annual supplementary payments to the partners over the term of the partnership contracts. Amounts invested under the terms of long-term care partnership agreements will be utilized to fund future payments to operators over the next 29 years. These payments have a net present value of $26,658,000 at March 31, 2004 (2003 - $31,100,000). The Region is subject to risk in that the invested amounts may not earn a rate of return adequate to meet the payments as they become due.

	2004	2003
	(thousands of dollars)	
Included in deferred contributions:		
Current portion	$ 2,251	$ 1,818
Long-term portion	26,784	29,624
	$ 29,035	$ 31,442

The investments have a market value at March 31, 2004 of $32,500,000 (2003 - $31,700,000).

Note 18 Administration

	2004	2003
	(thousands of dollars)	
General administration	$ 25,122	$ 21,083
Human resources	14,229	14,453
Finance	9,312	8,848
Amortization	1,195	1,775
	49,858	46,159
Administration – contracted operators (Schedule 4)	4,259	3,775
	$ 54,117	$ 49,934

Note 19 Support Services

	2004	2003
	(thousands of dollars)	
Building maintenance, operations and Security	$ 69,364	$ 61,408
Supply management	32,870	29,662
Housekeeping	27,396	24,943
Patient food services	24,745	23,447
Patient health records	16,258	15,046
Patient registration	15,428	13,829
Communications	6,246	7,427
Patient transportation	6,233	5,951
Educational and library services	4,071	4,462
Biomedical engineering	3,255	3,106
Volunteers	1,916	1,778
Other	404	1,149
Support services – contracted operators (Schedule 4)	44,317	39,532
	$ 252,503	$ 231,740

Note 20 Related Parties

(a) Province of Alberta

The Region is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Region and the Province are reported in the Consolidated Statement of Operations and disclosed in Notes to the Consolidated Financial Statements and Schedule 3.

(b) Health Authorities

The Region shares a common relationship with other health authorities through its relationship with the Province of Alberta. Transactions between the Region and other health authorities are reported in the Consolidated Statement of Operations and disclosed in the Notes to the Consolidated Financial Statements and Schedule 3.

Note 20 Related Parties (continued)

(c) Foundations

(i) Calgary Health Trust

The Calgary Health Trust is considered a controlled foundation as the Region appoints the majority of the voting members of the Foundation's Board of Directors. The purpose of the Trust is to benefit the Region, each facility within the Region and individual health programs and services operated by the Region, and to hold funds for its own account and without restriction to manage endowment funds received from any source. The Trust is a registered charity under the Income Tax Act. The Calgary Health Trust is not consolidated in these financial statements.

	Calgary Health Trust	
	2004	2003
	(thousands of dollars)	
Total assets	$ 40,727	$ 49,007
Total liabilities	7,526	20,900
Net assets	$ 33,201	$ 28,107
Revenue - including administrative support from the Region of $3,449 (2003 - $3,278)	$ 28,151	$ 12,994
Expenses - including charitable disbursements to the Region of $18,036 (2003- $22,254)	(23,058)	(27,531)
Excess (deficiency) of revenue over expenses	$ 5,093	$ (14,537)
Fair value for use of office space - not included in administrative support	$ 75	$ 70
Accounts payable to the Region from Calgary Health Trust:		
Trade payables	$ -	$ 178
Donations payable	-	12,454
	$ -	$ 12,632
Resources held by Calgary Health Trust:		
Externally restricted	$ 32,676	$ 27,828
Unrestricted	525	279
	$ 33,201	$ 28,107

Note 20 Related Parties (continued)

(ii) Alberta Children's Hospital Foundation

The Region has an economic interest in the Alberta Children's Hospital Foundation which raises funds to benefit the Region and other health related entities. The resources held by this foundation are not necessarily limited for use by the Region. The Alberta Children's Hospital Foundation is a registered charity under the Income Tax Act.

	Alberta Children's Hospital Foundation	
	2004	2003
	(thousands of dollars)	
Charitable disbursements to the Region	$ 2.495	$ 2.850
Resources held by the Alberta Children's Hospital Foundation:		
Externally restricted	$ 34.039	$ 21.608
Internally restricted	33.851	31.996
Unrestricted	-	-
	$ 67.890	$ 53.604
Fair value for use of office space	$ 13	$ 12
Accounts payable to the Region	$ (992)	$ (512)

Externally restricted amounts are for equipment, programs, research and education.

In order to build an endowment to meet the future funding needs of the Alberta Children's Hospital, the Foundation's Board of Directors internally restricts funds donated through bequests as well as any excess revenue over expense in the operating fund, not otherwise internally restricted, for managing short term market fluctuations.

Note 20 Related Parties (continued)

(iii) Rural Foundations

The Region has economic interests in several rural foundations which raise funds to benefit the Region and other health related entities. The resources held by these foundations are not necessarily limited for use by the Region. The foundations are registered charities under the Income Tax Act.

Financial information is provided for the following rural foundations in aggregate:

Canmore and Area Health Care Foundation
Claresholm and District Health Foundation
High River District Health Care Foundation
Oilfields/Okotoks Health Foundation
Rosebud Health Foundation
Strathmore District Health Services Foundation

	Rural Foundations	
	2004	2003
	(thousands of dollars)	
Charitable disbursements to the Region	$ 297	$ 475
Resources held by the rural foundations:		
Externally restricted	$ 564	$ 492
Internally restricted	383	245
Unrestricted	462	399
	$ 1.409	$ 1.136
Administrative support from the Region	$ 150	$ 150
Accounts payable to the Region	$ (97)	$ (126)

(iv) Other Foundations

The Headwaters Health Authority Foundation was established in 1997 and to date has been inactive and is in the process of being disestablished.

Note 20 Related Parties (continued)

(d) Other Fundraising Groups

Various volunteer and auxiliary associations solicit donations, operate gift shops and undertake fund raising activities to provide operating and capital donations to further the objectives of the Region.

(e) Carewest

The Region contracts with Carewest to provide health services in the Region. All transactions between the Region and Carewest are eliminated on consolidation. Carewest is exempt from payment of income tax and is also a registered charity under the Income Tax Act. Carewest was incorporated under the Companies Act (Alberta).

(f) Contracted Health Service Operators

The Region contracts with voluntary and private health service operators to provide health services in the Region. The Region has an economic interest where significant resources are transferred to these operators. The health service operators and the amounts reported in the Consolidated Statement of Operations are disclosed in Schedule 4.

Note 20 Related Parties (continued)

(g) University of Calgary

The University of Calgary (the "University") is considered a related party as the Alberta Government appoints the board members of both the Region and the University. Transactions in the normal course of operations between the Region and the University measured at fair value are as follows:

	2004	2003
	(thousands of dollars)	
Amount included in expenses	$ 20,000	$ 17,000
Amount included in revenue	$ 10,000	$ 9,000
Net payable by the Region to the University	$ 2,600	$ 1,400

(i) The Region pays to the University amounts related to: physicians; research projects, studies and grants; programs; and support services.

(ii) The Region receives from the University amounts related to: utilities; salaries and benefits; and materials, supplies and overheads.

The Region leases land from the University for the new Alberta Children's Hospital (Note 4).

The Region leases space from the University for a high volume lab facility (Notes 4 and 9).

Note 21 **Contracts under the Health Care Protection Act**

The Region has contracts with the following surgical facilities pursuant to the *Health Care Protection Act*:

Nature of Service & Entity	Term of Contract	Annual Value	Total Expense 2004	Total Expense 2003
		(thousands of dollars)		
Ophthalmology	October 1, 2003 – March 31, 2008			
Gimbel Eye Centre		$ 897	$ 693	$ 778
Holy Cross Surgical Services		2,265	1,638	1,623
Michael Edward Ashenhurst, Prof. Corp.		32	11	
Mitchell Eye Centre		420	281	428
Rocky Mountain Surgical Services		817	670	657
Surgical Centres Inc.		1,819	1,466	1,518
Oral Surgery	October 1, 2003 – March 31, 2007	123		
Brian Abrams, Prof. Corp.			2	4
Brian Whitestone, Prof. Corp.			9	18
Donald I. Wakeham, Prof. Corp.			1	
Douglas J. Vincelli, Prof. Corp.			28	60
Francis Skulsky, Prof. Corp.			4	5
Heddi-Wyn Lloyd Williams, Prof. Corp.			7	6
John W. Conley, Prof. Corp.			2	8
Terence A. Summers			0	14
ENT/Hernia/Pediatric Myringotomy and Tube				
Holy Cross Surgical Services	October 1, 2002 – September 30, 2005	85	59	58
Plastic Surgery				
Elizabeth Joy Hall Findlay, Prof. Corp.	October 1, 2003 – March 31, 2005	72	72	65
Pregnancy Terminations				
Kensington Clinic	October 1, 2003 – March 31, 2007	967	917	920
		$ 7,497	$ 5,998	$ 6,139

Payments to these surgical facilities are reported under facility-based emergency and outpatient services in the Consolidated Statement of Operations.

(1) The actual expenditure amounts have not exceeded the approved annual value of the contract amounts. The difference relates to the timing of contract dates.

Note 22 **Pension Costs**

The Region participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. At December 31, 2003, the Local Authorities Pension Plan reported a deficit of $1,410,987,000 (2002 – deficit of $444,980,000).

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives. The SERP is fully secured by a Letter of Credit held by Royal Trust Corporation of Canada. At March 31, 2004, the required full amount of the letter of credit was $5,971,000 (2003 - $2,576,000). The Region also provides a defined contribution pension plan for one employee group.

	2004	2003
	(thousands of dollars)	
Amounts expensed related to:		
Local Authorities Pension Plan	$ 32,264	$ 28,723
Supplemental Executive Retirement Plan	811	704
Defined contribution plan	4,218	4,024
	$ 37,293	$ 33,451

Note 23 Province Wide Services

Included in Alberta Health and Wellness contributions is funding for Province Wide Services. Province Wide Services are a range of complex, high technology and high cost medical interventions provided to all Albertans. A sufficient number of cases are required for these services every year to maintain provider competence. Information on costs and funding for these services, included in revenue and expenses, is as follows:

	2004				2003			
	(thousands of dollars)							
			Variance				Variance	
	Funding (1)	Costs (2)	$	%	Funding (1)	Costs (2)	$	%
Inpatient (3)	$ 106,832	$ 108,324	$ (1,492)	(1.4)	$ 104,355	$ 103,438	$ 917	0.9
Clinics and home services (4)	69,097	79,105	(10,008)	(14.5)	61,887	69,665	(7,778)	(12.6)
High cost drugs and devices (5)	19,289	19,665	(376)	(1.9)	17,523	17,468	55	0.3
Tertiary services (6)	-	-	-	-	14,208	14,208	-	-
Unallocated funding	-	-	-	-	2,477	-	2,477	100.0
	$ 195,218	$ 207,094	$ (11,876)	(6.1)	$ 200,450	$ 204,779	$ (4,329)	(2.2)

(1) Funding provided for Province Wide Services does not include amortization of related external capital contributions. In 2004, funding for tertiary services was removed from Province Wide Services.

(2) An allocation of overhead and amortization of equipment is included in the costs for inpatient and clinics and home services.

(3) Inpatient services include kidney and bone marrow transplants, high end trauma and burn cases, most heart surgeries, neuromodulation activity and selected neurosurgery, neonatology and oncology procedures. In 2004, inpatient volumes funded were 5,476 (2003 - 5,391) cases while the actual volumes were 5,141 (2003 - 4,973) cases, a difference of 335 (2003 – 418) cases. Inpatient costs are based on an average cost per case throughout the year. Patient activity is based on the patient discharge date.

(4) Clinics and home services represent areas such as the renal program, prevention of end stage renal disease, pre and post transplant services, medical genetics testing, HIV clinics, home enteral nutrition therapy, poison and drug information services, pediatric transport, ocular photodynamic therapy, children with complex health needs, education centre and STD/TB clinics. Services provided for out-of-province patients are excluded.

(5) High cost drugs include actual costs for transplantation drugs, HIV drugs, human growth hormone drugs and other pre-established high cost drugs. Included in high cost devices are actual costs for cranioplasty, implantable cardiac defibrillators and cochlear implants.

(6) Tertiary services compensate for indirect costs relating to teaching and research hospitals.

Note 24 Trust Funds

The Region receives funds from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year the Region did not receive any funds (2003 - $nil) and disbursed $3,555,000 (2003 - $78,000) for capital and facility repairs for non-owned facilities.

The Region receives other funds in trust for research and development, education and other programs. The Region also receives funds in trust from continuing care residents for personal expenses. These amounts are not reported in the consolidated financial statements.

	2004	2003
	(thousands of dollars)	
Balance of funds held by the Region:		
Alberta Infrastructure	$ 207	$ 3,762
Research, development, education and other programs	4,823	3,906
Continuing care residents	457	356
	$ 5,487	$ 8,024

Note 25 Boundary Realignment

(a) Effective April 1, 2003, the Minister of Health and Wellness disestablished eight of the Province's seventeen regional health authorities and re-aligned the boundaries of the nine continuing ones. The Region has assumed at carrying value the assets, liabilities and net assets of Headwaters Health Authority in whole and of Health Authority 5 (Wheatland County) and Alberta Mental Health Board in part.

Unrestricted net assets has also been reduced by $3,536,000 to reflect a proportionate redistribution of the accumulated surpluses (deficits) of the disestablished regions among the continuing regions.

(b) Effective December 1, 2003, the Minister of Health and Wellness further re-aligned the boundaries of the Region and David Thompson Health Region. The Region has assumed at carrying value the assets, liabilities and net assets of the southern portion of Mountain View County, including the town of Didsbury. The Consolidated Statement of Financial Position includes the assumed assets, liabilities, and net assets as at March 31, 2004 and 2003. However, the Consolidated Statement of Operations includes only four months of operations in 2004 and 2003 fiscal years. As a result, the continuities of capital assets, investment in capital assets and unamortized external capital contributions disclosed in the Consolidated Statement of Changes in Net Assets and Notes 4 and 7 include a boundary realignment amount related to the eight months not reported in the Consolidated Statement of Operations.

Note 25 **Boundary Realignment (continued)**

The consolidated financial statements have been restated to include the following:

	Headwaters Health Authority	Health Authority 5	Alberta Mental Health Board	Mountain View County
	(thousands of dollars)			
As at March 31, 2003:				
Total assets	$ 52,942	$ 6,458	$ 3,418	$ 7,768
Total liabilities	49,043	5,805	1,539	7,489
Net assets	$ 3,899	$ 653	$ 1,879	$ 279
For the year/period ended March 31, 2003				
Total revenues	$ 76,875	$ 12,099	$ 45,705	$ 3,765
Total expenses	$ 79,416	$ 9,495	$ 46,736	$ 3,765

Note 26 **Operating Deficit**

Section 2.9(2) of the Regional Health Authorities Regulation prohibits the Region from incurring an annual operating deficit. Section 2.9(3) of the Regulation requires the offsetting of a deficit with previously accumulated unrestricted net assets or if the accumulated surplus is insufficient, providing the Minister of Health and Wellness with a plan to eliminate the accumulated deficit within three years.

The Region incurred an operating deficit of $50,856,000 for the year ended March 31, 2004 which has been partially offset by unrestricted net assets.

On June 30, 2004, the Minister of Health and Wellness advised the Authority that it will receive additional funding in the 2004/05 fiscal year, to eliminate the Authority's accumulated deficit as reported in the March 31, 2004 audited financial statements. As a result of this additional funding, a deficit elimination plan will not be required.

Note 27 **Comparative Figures**

Certain 2003 figures have been reclassified to conform to 2004 presentation.

Note 28 **Approval of Financial Statements**

These consolidated financial statements have been approved by the Board of the Region.

Schedule 1

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	2004		2003
	Budget	Actual	Actual (Restated) (See Note 25)
Salaries, benefits, honoraria, allowances and severance (Schedule 2)	$ 978,943	$ 985,924	$ 897,240
Contracts with health service operators (Schedule 4)	360,258	358,072	330,191
Contracts under the Health Care Protection Act (Note 21)	6,036	5,998	6,139
Drugs, gases, medical and surgical supplies	152,525	154,797	139,418
Other contracted services (1)	171,959	158,851	144,690
Other (2)	149,815	176,910	169,655
	1,819,536	1,840,552	1,687,333
Amortization			
Capital equipment – internally funded	14,508	14,986	14,762
Capital equipment – externally funded	25,268	26,905	23,082
Facilities and improvements – internally funded	3,908	3,393	2,879
Facilities and improvements – externally funded	23,138	23,518	20,827
	66,822	68,802	61,550
	1,886,358	1,909,354	1,748,883
Less amounts reported in ancillary operations (Note 15)	(15,347)	(17,501)	(15,781)
Less administrative support to Calgary Health Trust (Note 20 (c) (i))	(3,080)	(3,449)	(3,278)
	$ 1,867,931	$ 1,888,404	$ 1,729,824

(1) Other contracted services include:

	2004	2003
Medical purchased services	$ 105,581	$ 99,886
Other purchased services	46,838	40,242
Legal fees	1,795	952
Other professional fees	4,637	3,610
	$ 158,851	$ 144,690

Schedule 1 (continued)

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

(2) Other includes the following significant items:

	2004	2003
Utilities	$ 28,075	$ 27,069
Referred out services	20,459	22,760
Department and office supplies	15,475	16,232
Clinical lab & therapeutic supplies	14,854	13,109
Equipment maintenance	13,891	13,834
Food supplies	13,212	12,930
Rented space	13,692	9,128
Communication & education expenses	10,208	8,826
Minor equipment	9,253	9,378
Repairs and maintenance	6,849	3,439
Recruitment and travel	6,833	6,415
Housekeeping/laundry supplies	6,802	6,297
Plant maintenance and equipment supplies	4,169	3,521
Insurance	3,639	2,665
Other expenses	9,499	14,052
	$ 176,910	$ 169,655

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	2004						
					Severance [4]		
	Number of FTE's [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Subtotal	Number of FTE's [1]	Amount	Total
Board Compensation							
Chairperson							
David Tuer	1.00	$ 17	$ 3	$ 20	-	$ -	$ 20
Board Members							
Susan Barry	1.00	4	-	4	-	-	4
Diane Caleffi	1.00	9	2	11	-	-	11
Sandy Dougall	1.00	9	-	9	-	-	9
Loreen Gilmour	1.00	9	3	12	-	-	12
Eileen Grant	1.00	13	3	16	-	-	16
Myron Kanik (from March 1, 2004)	0.08	-	-	-	-	-	-
Shelley Mabbott	1.00	4	3	7	-	-	7
Lynn Martin	1.00	12	3	15	-	-	15
Mairi Matheson	1.00	6	2	8	-	-	8
N.D. (Skip) Mcdonald	1.00	3	-	3	-	-	3
Gordon McPherson	1.00	7	4	11	-	-	11
George Pinchbeck	1.00	8	4	12	-	-	12
Marjorie Ricketts	1.00	6	3	9	-	-	9
Courtney Rousseau	1.00	18	3	21	-	-	21
Total honoraria	14.08	$ 125	$ 33	$ 158	-	$ -	$ 158

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

					Severance		
	Number of FTE's	Salaries and Honoraria	Benefits and Allowances	Subtotal	Number of FTE's	Amount	Total
Staff Compensation							
President and Chief Executive Officer	1.00	$ 492	$ 62	$ 554	-	$ -	$ 554
Management person (s) reporting to the CEO:							
Executive Vice President and Chief Operating Officer	1.00	330	45	375	-	-	375
Senior Vice President and Chief Medical Officer	1.00	414	55	469	-	-	469
Senior Vice President, Risk Management and CFO	1.00	298	44	342	-	-	342
Senior Vice President, Strategic Services	0.90	253	32	285	-	-	285
Vice President, Professional Practice and Research and Chief Nursing Officer	1.00	200	20	220	-	-	220
Chief Information Officer and Associate CMO	0.42	100	16	116	-	-	116
Vice President, Communications	0.42	76	10	86	-	-	86
Vice President, Strategic Business Alliances	0.42	100	13	113	-	-	113
Acting Vice President, People and Learning	0.42	104	11	115	-	-	115
Executive Director, Office of the President and CEO	1.00	120	17	137	-	-	137
Senior Advisor to CEO	0.50	115	2	117	-	-	117
Other management person(s) reporting to those above ($166 average excluding severance)	23.77	3,485	463	3,948	7	925	4,873
Other management ($99 average excluding severance)	510.24	43,938	6,673	50,611	28	1,766	52,377
Medical doctors not included above ($114 average excluding severance)	8.85	905	102	1,007	-	-	1,007
Regulated nurses not included above							
RN's RPNs, grad nurses, ($74 average excluding severance)	5,725.37	365,326	59,591	424,917	4	95	425,012
LPN's ($47 average excluding severance)	290.78	11,767	1,986	13,753	-	-	13,753
Other health technical and professional ($75 average excluding severance)	2,461.88	158,868	24,880	183,748	5	126	183,874
Unregulated health service providers ($38 average excluding severance)	1,433.23	46,025	8,185	54,210	2	5	54,215
Other staff ($48 average excluding severance)	5,125.03	204,914	41,940	246,854	42	439	247,293
Amortization of past service pension credits/other		-	433	433	-	-	433
Total staff compensation	15,588.23	837,830	144,580	982,410	88	3,356	985,766
Total	15,602.31	$ 837,955	$ 144,613	$ 982,568	88	$ 3,356	$ 985,924

Schedule 2 (continued)

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2004

1. Full time equivalents (FTE's) for staff are based on the number of hours worked in a standard work year, which is 2,022.75 hours for most occupation groups. FTE's for board members are based on twelve months of service.

   Total actual discrete number of individuals employed during the year: 22,807.

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

4. Severance includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits.

5. The President and Chief Executive Officer, Executive Vice President and Chief Operating Officer, Senior Vice President, Risk Management and CFO, and Senior Vice President, Strategic Services are provided with an automobile allowance. No dollar amount is included under benefits and allowances.

6. Due to organizational restructuring, effective September 1, 2003 these positions are included in other management person(s) reporting to those above.

7. The position of Executive Director, Office of the President and CEO was held by two incumbents during the year.

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF DEFERRED CONTRIBUTIONS

FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

		Amounts received or receivable				Amounts recognized as revenue					
	Balance March 31, 2003	Alberta Health and Wellness	Other government contributions	Donations	Investments and other income	Alberta Health and Wellness (Note 12)	Other government contributions (Note 13)	Donations	Investments and other income	Transfers To Deferred Capital Contributions (Note 6)	Balance March 31, 2004
Alberta Health and Wellness programs:											
Academic Health Centre	$ -	$ 9,232	$ -	$ -	$ -	$ (9,232)	$ -	$ -	$ -	$ -	$ -
Health Link	-	6,793	-	-	-	(6,734)	-	-	-	-	59
Medical education allowance	-	19,675	-	-	-	(19,675)	-	-	-	-	-
Paediatric AFP	3,187	948	-	-	65	(4,074)	-	-	(65)	(61)	-
Provincial Labs	276	8,382	-	-	1,223	(8,062)	-	-	(1,116)	(135)	568
Rural on call	40	1,090	-	-	-	(1,100)	-	-	-	-	30
Specialist on call	-	17,404	-	-	-	(15,789)	-	-	-	-	1,615
Three Cheers	1,776	2,130	-	-	272	(2,726)	(229)	-	(159)	-	1,064
Other	5,894	6,322	-	-	103	(4,072)	(417)	(879)	(836)	(85)	6,030
Alberta Infrastructure maintenance	263	-	1,403	73	307	-	(1,403)	(73)	(307)	-	263
Mental health programs	288	-	6,658	5	983	-	(6,517)	(5)	(982)	-	430
Calgary Health Trust	4,256	-	-	4,307	13	-	-	(2,699)	(13)	(623)	5,241
Child health programs	1,049	-	61	1,459	481	(23)	(39)	(1,573)	(481)	(110)	824
Collateral Mortgage (Note 5)	3,842	-	-	-	-	-	-	-	(145)	-	3,697
Joint government programs	338	-	112	52	134	-	(112)	(52)	(134)	-	338
Long-term care partnership (Note 17)	31,442	-	-	-	2,030	-	(1,646)	-	(2,791)	-	29,035
Other provincial government programs	895	-	5,397	-	350	(23)	(2,665)	-	(1,578)	-	2,376
Other restricted funded programs	4,610	-	518	-	6,511	-	(521)	-	(2,218)	(186)	8,714
	$ 58,156	$ 71,976	$ 14,149	$ 5,896	$ 12,472	$ (71,510)	$ (13,549)	$ (5,281)	$ (10,825)	$ (1,200)	$ 60,284

Deferred contributions represent amounts accounted for in accordance with the accounting policy described in Note 2 (a) (2).

Unspent amounts at year end are as follows:

	2004	2003 (Restated) (See Note 25)
Current	$ 29,948	$ 24,690
Non-current	30,336	33,466
	$ 60,284	$ 58,156

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF CONTRACTS WITH HEALTH SERVICE OPERATORS

FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	Direct Region Funding	Direct Alberta Health & Wellness Funding (Note 12)	Other Government Contributions (Note 13)	Approved Patient Fees and Charges and Other Income (Notes 14 and 16)	Total Revenue
Voluntary:					
Agape Manor Hospice	$ 1,965	$ -	$ -	$ -	$ 1,965
Bethany Care Centre Airdrie	2,508	-	-	1,110	3,618
Bethany Care Centre Calgary	18,870	-	-	5,982	24,852
Bethany Care Centre Cochrane	2,680	-	-	1,159	3,839
Bethany Care Centre Harvest Hills	2,896	-	-	919	3,815
Bow View Nursing Home	7,462	366	-	2,614	10,442
Father Lacombe Nursing Home	4,475	-	-	1,577	6,052
Mineral Springs Hospital	5,450	-	401	3,751	9,602
Wentworth Court	3,139	-	-	1,118	4,257
	49,445	366	401	18,230	68,442
Private:					
Beverly Centre – Glenmore	7,745	406	-	2,856	11,007
Beverly Centre – Midnapore	5,766	-	-	2,240	8,006
Bow-Crest Nursing Home	4,984	-	-	2,055	7,039
Extendicare Cedars Villa	8,094	-	-	3,460	11,554
Extendicare Hillcrest	3,626	239	-	1,554	5,419
Extendicare Scottish	119	-	-	-	119
Extendicare Vulcan	1,870	163	-	688	2,721
Forest Grove Care Centre	7,806	-	-	2,778	10,584
Holy Cross Chronic Care	1,569	-	-	624	2,193
Intercare Brentwood	4,019	-	-	1,700	5,719
Intercare Chinook	4,984	-	-	2,099	7,083
Intercare Southwood	6,701	-	-	2,584	9,285
McKenzie Town Continuing Care	6,257	-	-	2,177	8,434
Mount Royal Care Centre	2,666	-	-	1,322	3,988
Travois Holdings Glamorgan	1,660	-	-	735	2,395
Travois Holdings Mayfair	4,308	-	-	1,978	6,286
	72,174	808	-	28,850	101,832
Calgary Lab Services	114,881	-	-	-	114,881
Other community agencies	16,942	-	-	-	16,942
Physiotherapy providers	8,766	-	-	-	8,766
Homecare providers	46,362	-	-	-	46,362
Facility fees	847	-	-	-	847
2003 – 2004	$ 309,417	$ 1,174	$ 401	$ 47,080	$ 358,072
2002 - 2003	$ 291,117	$ 1,180	$ 401	$ 37,493	$ 330,191

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF CONTRACTS WITH HEALTH SERVICE OPERATORS

FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community and home based services	Diagnostic and therapeutic services	Administration (Note 18)	Support Services (Note 19)	Total Expenses
Voluntary:								
Agape Manor Hospice	$ -	$ -	$ -	$ 1,965	$ -	$ -	$ -	$ 1,965
Bethany Care Centre Airdrie	-	-	2,316	2	302	241	757	3,618
Bethany Care Centre Calgary	-	-	15,455	-	1,910	1,996	5,491	24,852
Bethany Care Centre Cochrane	-	-	2,340	50	399	255	795	3,839
Bethany Care Centre Harvest Hills	-	-	2,383	48	322	277	785	3,815
Bow View Nursing Home	-	-	5,868	218	672	129	3,555	10,442
Father Lacombe Nursing Home	-	-	3,788	221	607	-	1,436	6,052
Mineral Springs Hospital	3,199	1,087	942	-	1,456	749	2,169	9,602
Wentworth Court	-	-	1,712	921	160	-	1,464	4,257
	3,199	1,087	34,804	3,425	5,828	3,647	16,452	68,442
Private:								
Beverly Centre – Glenmore	-	-	7,257	178	710	63	2,799	11,007
Beverly Centre – Midnapore	-	-	5,292	-	536	-	2,178	8,006
Bow-Crest Nursing Home	-	-	4,715	-	541	-	1,783	7,039
Extendicare Cedars Villa	-	-	6,744	2	859	-	3,949	11,554
Extendicare Hillcrest	-	-	3,417	6	387	-	1,609	5,419
Extendicare Scottish	-	-	119	-	-	-	-	119
Extendicare Vulcan	-	-	1,789	-	205	-	727	2,721
Forest Grove Care Centre	-	-	6,112	181	764	481	3,046	10,584
Holy Cross Chronic Care	-	-	1,215	-	106	68	804	2,193
Intercare Brentwood	-	-	3,885	-	457	-	1,377	5,719
Intercare Chinook	-	-	4,548	(6)	487	-	2,054	7,083
Intercare Southwood	-	-	6,323	79	534	-	2,349	9,285
McKenzie Town Continuing Care	-	-	5,499	898	392	-	1,645	8,434
Mount Royal Care Centre	-	-	2,648	6	258	-	1,076	3,988
Travois Holdings Glamorgan	-	-	1,462	13	184	-	736	2,395
Travois Holdings Mayfair	-	-	4,043	7	503	-	1,733	6,286
	-	-	65,068	1,364	6,923	612	27,865	101,832
Calgary Lab Services	-	343	-	-	114,538	-	-	114,881
Other community agencies	-	177	412	16,302	51	-	-	16,942
Physiotherapy providers	-	-	-	-	8,766	-	-	8,766
Homecare providers	-	-	-	46,362	-	-	-	46,362
Facility fees	-	847	-	-	-	-	-	847
2003 - 2004	$ 3,199	$ 2,454	$ 100,284	$ 67,453	$ 136,106	$ 4,259	$ 44,317	$ 358,072
2002 - 2003	$ 6,054	$ 2,486	$ 93,966	$ 56,931	$ 127,447	$ 3,775	$ 39,532	$ 330,191

Total revenue has been allocated to expense categories in proportion to the actual costs reported by the operator to the Region. Administration is deemed to be management fees. Surpluses (deficits) incurred by the operators are not reported by the Region. Operator surpluses (deficits) result in the Region reporting expenses greater than (less than) the costs incurred by the operator.

David Thompson
#4

DAVID THOMPSON REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004
And
AUDITORS' REPORT

DAVID THOMPSON REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2004

Auditors' Report

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 Schedule of Deferred Contributions

Schedule 4 Schedule of Voluntary and Private Health Service Providers

CUTHBERTSON SANDALL
chartered accountants

AUDITORS' REPORT

To the Members of the
David Thompson Regional Health Authority
and the Minister of Health

We have audited the statement of financial position of the David Thompson Regional Health Authority ("the Authority") as at March 31, 2004 and the statements of operations and changes in net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2004 and the results of operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Cuthbertson Sandall
Chartered Accountants

Red Deer, Alberta
June 23, 2004

In touch with business
4817 - 48 Street, Red Deer, Alberta T4N 1S6 Telephone (403) 342-2500 Fax (403) 346-7033 Email csandall@telusplanet.net

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DTHR
DAVID THOMPSON HEALTH REGION

Corporate Office
#602, 4920 - 51 Street
Red Deer, Alberta T4N 6K8

Phone 403-341-8622 Fax 403-341-8632

David Thompson Regional Health Authority

Management's Responsibility For Financial Reporting

Financial Statements

March 31, 2004

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, Cuthbertson Sandall, Chartered Accountants, to review financial matters, and recommends the financial statements to the David Thompson Regional Health Authority Board for approval. The external auditor has full and free access to the Committee of the Whole.

The external auditor, Cuthbertson Sandall, Chartered Accountants, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

John Vogelzang
President & CEO

Bryan Judd
Vice President & Chief Operating Officer
Corporate Services

"*healthy people living in healthy communities*"

www.dthr.ab.ca

David Thompson Regional Health Authority
Statement of Financial Position
March 31, 2004
(thousands of dollars)

	2004 Actual	2003 Actual
ASSETS		
Current:		
Cash and investments (Note 3)	59,356	69,894
Accounts receivable	7,217	5,848
Contributions receivable from Alberta Health and Wellness	1,400	1,730
Inventories	5,247	4,981
Prepaid expenses	1,413	1,816
	74,633	84,269
Non-current cash and investments (Note 3)	25,631	42,784
Property, plant and equipment (Note 4)	380,174	350,057
Other assets (Note 5)	21,652	5,765
TOTAL ASSETS	502,090	482,875
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	55,301	44,592
Accrued vacation pay	18,020	17,987
Deferred contributions (Schedule 3)	14,518	15,821
Bank loan (Note 6)	612	661
	88,451	79,061
Deferred contributions (Schedule 3)	22,334	24,466
Deferred capital contributions (Note 7)	24,536	23,676
Unamortized external capital contributions (Note 8)	349,793	320,619
	485,114	447,822
Net assets:		
Accumulated surplus (deficit) (Note 9)	(12,368)	6,701
Investment in property, plant and equipment (Note 4)	29,344	28,352
Operating net assets	16,976	35,053
TOTAL LIABILITIES AND NET ASSETS	502,090	482,875

Commitments (Note 10)

The accompanying notes and schedules are part of these financial statements.

David Thompson Regional Health Authority
Statement of Operations
For the Year Ended March 31, 2004
(thousands of dollars)

	2004		2003
	Budget (Note 11)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	400,212	387,597	372,862
Other government contributions (Note 13)	5,400	12,759	10,402
Fees and charges (Note 14)	29,265	27,690	22,982
Net ancillary operations (Note 15)	400	440	322
Donations	900	752	1,123
Investment and other income (Note 16)	7,674	10,088	7,995
Amortized external capital contributions (Note 8)	14,700	16,351	14,214
TOTAL REVENUE	458,551	455,677	429,900
Expenses (Schedule 1)			
Facility-based inpatient acute nursing care services	129,720	123,990	116,888
Facility-based emergency and outpatient services	38,520	39,660	33,595
Facility-based continuing care services	53,774	54,230	51,237
Community and home-based services	23,296	20,806	21,186
Diagnostic and therapeutic services	77,913	77,890	77,711
Promotion, prevention and protection services	15,228	16,068	15,413
Research and education	-	289	15
Administration (Note 17)	21,625	20,785	20,447
Information technology	8,707	9,584	6,870
Support services (Note 18)	99,887	98,825	93,483
Amortization of facilities and improvements	9,969	11,627	10,675
Property, plant and equipment write down	-	-	597
TOTAL EXPENSES	478,639	473,754	448,117
Deficiency of revenue over expense	(20,088)	(18,077)	(18,217)

David Thompson Regional Health Authority
Statement of Changes in Net Assets
For the Year Ended March 31, 2004
(thousands of dollars)

	2004				2003
	Operating				
	Unrestricted	Internally restricted (Note 9)	Invested in property, plant & equipment	Total	Total
Deficiency of revenue over expenses	(18,077)	-	-	(18,077)	(18,217)
Property, plant and equipment purchased with internal funds	(4,707)	-	4,707	-	-
Amortization on internally funded property, plant and equipment	3,738	-	(3,738)	-	-
Transfer of Didsbury to Calgary Regional Health Authority as of December 1, 2003, internal amortization	(30)	-	30	-	-
Repayment of bank loan used to fund property, plant and equipment	(49)	-	49	-	-
Boundary re-alignment (Note 21)	-	-	-	-	(2,021)
Loss on disposal of internally funded property, plant and equipment	56	-	(56)	-	-
Net change	(19,069)	-	992	(18,077)	(20,238)
Transfer from internally restricted	3,937	(3,937)	-	-	-
Balance at beginning of year	2,764	3,937	28,352	35,053	55,291
Balance at end of year	(12,368)	-	29,344	16,976	35,053

David Thompson Regional Health Authority
Statement of Cash Flow
For the Year Ended March 31, 2004
(thousands of dollars)

	2004 Budget	2004 Actual	2003 Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	(20,088)	(18,077)	(18,217)
Non-cash transactions:			
Amortization of property, plant and equipment - internally funded	2,432	3,738	3,362
- externally funded	4,731	4,724	3,975
Amortization of facilities and improvements	9,969	11,627	10,677
Amortized external capital contributions (Note 8)	(14,700)	(16,351)	(14,214)
Loss on disposal of property, plant and equipment	-	12	153
Loss on disposal of facilities and improvements	-	44	-
Transfer of Didsbury to Calgary Health Region, December 1, 2003 - Amortization	-	(302)	-
Transfer of Didsbury to Calgary Health Region, December 1, 2003 - Amortized external capital contribution (Note 8)	-	272	-
Gain on disposal of investments	-	-	(84)
Write down of property, plant and equipment	-	-	597
Changes in non-cash working capital account	(4,091)	(8,622)	576
Cash used by operations	(21,747)	(22,935)	(13,175)
Investing activities:			
Purchase of investments	-	-	(591)
Purchase of property, plant and equipment:			
internally funded	(2,303)	(4,707)	(10,653)
externally funded - equipment (Note 8)	(6,765)	(4,309)	(7,908)
externally funded - facility and improvements (Note 8)	(25,000)	(40,944)	(61,848)
Proceeds on sale of investments	-	-	12,599
Proceeds on sale of property, plant and equipment	-	-	100
Contributed assets put into service	(15,000)	-	-
Cash used by investing activities	(49,068)	(49,960)	(68,301)
Financing activities:			
Allocations from non current cash and accounts receivable	15,000	17,153	2,625
Capital contributions received (Note 8)	28,765	45,253	69,783
Principal payments on bank loan	47	(49)	(58)
Cash generated from financing activities	43,812	62,357	72,350
Decrease in cash and temporary investments	(27,003)	(10,538)	(9,126)
Cash and temporary investments, beginning of year	69,894	69,894	79,020
Cash and temporary investments, end of year	42,891	59,356	69,894

Note 1 **Authority, Purpose and Operations**

The David Thompson Regional Health Authority (the "Authority") was established June 24, 1994 under authority of the Regional Health Authorities Act, Chapter R-10, revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Alberta Hospital Ponoka
Bentley Care Centre
Breton Health Centre
Consort Hospital and Care Centre
Coronation Hospital and Care Centre
Drayton Valley Hospital & Care Centre
Dr. Richard Parsons Care Centre
Drumheller Health Centre
Hanna Health Centre
Innisfail Health Centre
Lacombe Hospital and Care Centre
Olds Hospital and Care Centre
Ponoka Hospital and Care Centre
Red Deer Nursing Home
Red Deer Regional Hospital Centre
Red Deer Valley Park Manor Care Centre
Rimbey Hospital and Care Centre
Rocky Mountain House Health Centre
Stettler Hospital and Care Centre
Sundre Hospital and Care Centre
Three Hills Health Centre
Wetaskiwin Hospital & Care Centre

Castor Community Health Centre
Consort Community Health Centre
Coronation Community Health Centre
Drayton Valley Community Health Centre
Drumheller Environmental Health and Support Services
Eckville Community Health Centre
Elnora Community Health Centre
Lacombe Community Health Centre
Olds Community Health Centre
Ponoka Community Health Centre
Red Deer Bremner Ave. Community Health Centre
Red Deer 49 St. Community Health Centre
Rimbey Community Health Centre
Rocky Mountain House Community Health Centre
Stettler Community Health Services
Sundre Community Health Centre
Sylvan Lake Community Health Centre
Wetaskiwin Community Health Centre
Winfield Community Health Centre

Drayton Valley Mental Health Centre
Drumheller Mental Health Centre
Hanna Mental Health Centre
Lacombe Mental Health Centre
Olds Mental Health Centre
Ponoka Mental Health Centre
Rimbey Mental Health Centre
Rocky Mountain House Mental Health Centre
Stettler Mental Health Centre
Three Hills Mental Health Centre
Wetaskiwin Mental Health Centre

Note 1 **Authority, Purpose and Operations (continued)**

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region except as disclosed in Note 19 and Schedule 4.

Note 2 **Significant Accounting Policies and Reporting Practices**

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 21 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of presentation

These financial statements are prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the foundations within the David Thompson Health Region.

(b) These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in property, plant and equipment. Amounts invested, representing externally funded property, plant and equipment, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the property, plant and equipment is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Endowments and restricted contributions to purchase property, plant and equipment that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Full cost

The Authority accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

(d) Employee future benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(e) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(f) Financial instruments

The carrying value of cash, investments, accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

The carrying value of bank loan approximates its fair value because the interest rates approximate market values.

(g) Inventories

Inventories are valued at the lower of cost or net realizable value where cost is determined on an average cost basis.

(h) Property, plant and equipment

Property, plant and equipment and construction projects in progress are recorded at cost. Property, plant and equipment with unit costs less than five thousand dollars are expensed.

Property, plant and equipment are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Facilities and improvements	20 - 40 years
Land improvements	10 - 20 years
Equipment	3 - 20 years

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Construction projects in progress are not amortized until the project is complete. Leases transferring substantially all benefits and risks of property, plant and equipment ownership to the Authority are reported as property, plant and equipment acquisitions financed by long-term obligations.

(i) Restructuring costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

(j) Trust funds received by the Authority for non-owned facilities

The Authority receives trust funds from Alberta Infrastructure to pay operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in the statements.

(k) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. For example, amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

	2004	2003
Cash	38,514	60,486
Marketable securities	5,771	5,496
Bonds	2,846	2,786
Temporary investments	37,856	43,910
	84,987	112,678
Classified as:		
Current	59,356	69,894
Non current	25,631	42,784
Total cash and investments	84,987	112,678

Temporary investments are comprised of money market mutual fund units and interest bearing investments, which accrue investment income at current market rates.

Marketable securities comprise of publicly traded equities. Risk is minimized by prudent security selection and sector rotation through independent investment counsel.

Note 3 Cash and Investments (continued)

Bonds include Provincial, Federal and Royal Managed Corporate bonds. Payments from these bonds are backed by the ability of the corporation to pay and are not guaranteed. All bonds held at March 31, 2004 bear interest at rates ranging from 4.75% to 7.5% paid annually. The effective yield on these bonds based on the carrying value at March 31, 2004 is 5.2%.

Market value of cash and investments at March 31, 2004 is $85,935 (2003: $112,997).

Non-current cash and investments represent the following:

	2004	2003
Externally restricted donations for capital projects	590	588
Externally restricted grants for major redevelopment project	17,460	7,287
Externally restricted grants for capital projects	7,581	34,909
	25,631	42,784

Note 4 Property, Plant and Equipment

	Cost				Accumulated Amortization				2004
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Current year amortization	Amortization on disposals	Closing balance	Net book value
Land	6,581	11	-	6,592	-	-	-	-	6,592
Land improvements	3,502	35	-	3,537	2,307	111	-	2,418	1,119
Facilities and improvements	421,783	29,618	(25,324)	426,077	183,340	11,282	(25,280)	169,342	256,735
Equipment	95,453	7,900	(294)	103,059	53,977	8,394	(282)	62,089	40,970
Capital projects in progress	62,362	12,396	-	74,758	-	-	-	-	74,758
	589,681	49,960	(25,618)	614,023	239,624	19,787	(25,562)	233,849	380,174

(a) Land, facilities, improvements and equipment at the sites listed below were provided to the Authority at nominal values. These assets have been included in the property, plant and equipment at their estimated net book value.

Site	Leased from	Lease period
Castor Our Lady of the Rosary Hospital and Care Centre	Alberta Infrastructure	April 1/2003 to March 31, 2102
Trochu St. Mary's Health Care Centre	Alberta Infrastructure	October 1/2003 to September 30, 2102

Note 4 Property, Plant and Equipment (continued)

(b) Property, plant and equipment were funded from the following sources:

	2004	2003
Short-term debt	425	425
Bank loan (Note 6)	612	661
Unamortized external capital contributions (Note 8)	349,793	320,619
Net assets invested in property, plant and equipment	29,344	28,352
	380,174	350,057

Note 5 Other Assets

	2004	2003
Loans receivable		
Continuum Healthcare Corporation	295	327
Voluntary Health Service Providers	20,945	5,031
Deferred development cost		
Wetaskiwin	271	269
Drayton Valley	114	111
Mineral rights	24	24
Cooperative's shares	3	3
Total	21,652	5,765

The Authority has a forgivable loan with Continuum Healthcare Corporation initiated under the Healthy Aging Partnership Initiative. During the year, $32 was forgiven under the terms of the agreement.

The Authority signed contracts with two voluntary health service providers under the Private Public Partnership Initiative (P3) and Healthy Aging Partnership Initiative (HAPI) to contract and operate three continuing care facilities and two assisted living facilities. In the current year, two facilities were completed and one was under construction. During the year, $117 was forgiven on the loans receivable. In addition, pursuant to the contracts, interest has been charged at the Bank prime rate (4.5%) plus 2% on the loans receivable for a total of $943. This amount is included in investment income. The interest has been forgiven and $943 has been recorded in the continuing care services expenses for the year. The remaining balance of the loans will be forgiven or repaid over a term of 30 years commencing on the date of completion of each of the facilities.

The deferred development cost includes the cost of land and land improvements for the construction of units that are being built as part of the Assisted Living Program in Wetaskiwin and Drayton Valley. To date, 41 units have been built.

Note 6 Bank Loan

	2004	2003
Bank loan due in monthly installments of $6 including interest at 4%. Secured by a general assignment of book debts, maturing November 1, 2004	612	661

Future principal payments are estimated as follows:

2005	53
2006	55
2007	57
2008	59
2009 and thereafter	388
	612

Note 7 Deferred Capital Contributions

The deferred capital contribution balance represents amounts accounted for in accordance with the accounting policy described in Note 2 (b)(ii).

	2004	2003
Amounts received:		
Restricted Alberta Health and Wellness contributions	3,950	-
Restricted other government contributions	38,040	2,266
Donations restricted for capital purposes	14	927
	42,004	3,193
Transferred to:		
Unamortized external capital contributions (Note 8)	(36,333)	(69,783)
Other government contributions (Note 13)	(4,361)	-
Deferred contributions (Schedule 3)	(450)	(567)
	(41,144)	(70,350)
Change during the year	860	(67,157)
Balance, beginning of year	23,676	90,833
Balance, end of year	24,536	23,676
Balance at the end of the year is restricted for the following purposes		
Equipment replacement	3,970	664
Betterment of capital assets	3,106	7,675
New construction	17,460	15,337
	24,536	23,676

Note 8 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2 (b)(ii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2004	2003
Balance, beginning of year	320,619	265,050
Transfers from deferred capital contributions (Note 7)	36,333	69,783
Transfers from deferred contributions (Schedule 3)	2,596	-
Transfer from Alberta Infrastructure re Castor Our Lady of the Rosary Hospital and Care Centre	3,279	-
Transfer from Alberta Infrastructure re Trochu St. Mary's Health Care Centre	2,854	-
Additions during the year	191	-
	45,253	69,783
Transfer of Didsbury to Calgary Regional Health Authority, December 1, 2003	272	-
Less amounts recognized as revenue:		
Amortized external capital contributions: equipment	(5,057)	(3,311)
Amortized external capital contributions: facilities and improvements	(11,294)	(10,903)
	(16,351)	(14,214)
Balance, end of year	349,793	320,619

Note 9 Accumulated Surplus (Deficit)

The Authority's accumulated surplus (deficit) is comprised of the following:

	2004	2003
Unrestricted net assets	(12,368)	2,764
Internally restricted net assets		
Funding reserve	-	1,276
Other reserves	-	800
Reserve for future equipment replacement	-	1,861
	-	3,937
	(12,368)	6,701

Note 10 Commitments and Contingencies

The authority is contingently liable for the buyback of 32 Assisted Living Units at the option of and at 90% of the original cost to the purchase, average cost of $100 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable.

The authority has entered in Private Public Partnerships (P3) for the provision of continuing care services. The authority expects to fund a maximum of $840 to the Bethany Care Society for completion of capital construction in 2004/05. There are also ongoing commitments for the authority to provide operating funds to the P3 partners for the provision of contracted continuing care services. Contracted continuing care services total $16,000 on an annual basis, subject to inflation and service requirements.

The authority has committed to a capital upgrade project at the Red Deer Regional Hospital site in the amount of $98,100. Total cost to date is $60,603. The remaining $37,497 unfulfilled commitment will be incurred over the next two fiscal years.

The authority also has a commitment to complete the Alberta Hospital Ponoka Redevelopment Phase III Project in the amount of $101,000. Total cost to date is $96,558. The remaining $4,442 will be incurred in 2004/05.

Note 11 Budget

	Approved Budget[1]	Additional Funding	Adjustments[2]	Reported Budget
Revenue				
Alberta Health and Wellness contributions	400,212	-	-	400,212
Other government contributions	5,400	-	-	5,400
Fees and charges	26,702	-	2,563	29,265
Ancillary operations, net	400	-	-	400
Donations	900	-	-	900
Investment and other income	2,000	-	5,674	7,674
Amortized external capital contributions	14,700	-	-	14,700
TOTAL REVENUE	450,314	-	8,237	458,551
Expenses				
Facility-based inpatient acute nursing care services	129,393	-	327	129,720
Facility-based emergency and outpatient services	38,262	-	258	38,520
Facility-based continuing care services	55,621	-	(1,847)	53,774
Community and home-based services	23,096	-	200	23,296
Diagnostic and therapeutic services	76,079	-	1,834	77,913
Promotion, prevention and protection services	14,062	-	1,166	15,228
Administration	19,801	-	1,824	21,625
Information technology	8,664	-	43	8,707
Support services	95,455	-	4,432	99,887
Amortization of facilities and improvements	9,969	-	-	9,969
TOTAL EXPENSES	470,402	-	8,237	478,639
Deficiency of revenue over expenses	(20,088)	-	-	(20,088)

(1) The budget was approved by the Board of the Authority on October 1, 2003, and submitted to the Minister of Health and Wellness for approval.

(2) In accordance with Note 2 (c), the approved budget has been adjusted to reflect the full cost of contracted health operators. There is no net impact on the budgeted deficiency for the year, but the adjustments allow for the appropriate allocations to the related revenue and expense categories. In addition, the Business Plan submitted to Alberta Health and Wellness included significant budget allocations based on management estimates. The budget was subsequently adjusted for actual allocations as they became known.

Note 12 Alberta Health and Wellness Contributions

	2004	2003
Unrestricted contributions	382,703	366,168
Restricted contributions	6,903	5,069
Restricted contributions made by Alberta Health and Wellness directly to contracted health service operations	188	188
Didsbury funding transfer regarding December 1, 2003 boundary realignment	(2,941)	-
Transfer to deferred contributions (Schedule 3)	(6,633)	1,437
Transfers from deferred contributions (Schedule 3)	7,377	-
	387,597	372,862

Note 13 Other Government Contributions

	2004	2003
Alberta Government		
Unrestricted Alberta Infrastructure (Schedule 3)	2,489	3,518
Fair value of rent less rent charges for non-acute care facilities used by the Authority	1,258	1,149
Transfers from deferred contributions (Schedule 3)	2,892	3,662
Transfers from deferred capital contributions (Note 7)	4,361	-
Fair value to use non-owned acute care facilities	-	233
	11,000	8,562
Other	1,759	1,840
	12,759	10,402

David Thompson Regional Health Authority
Notes To The Financial Statements
For the Year Ended March 31, 2004
(thousands of dollars)

Note 14 Fees and Charges

	Inpatient/Resident		Outpatient		Total	
	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03
Acute Care						
Out-of-province	2,457	2,304	801	1,000	3,258	3,304
Out-of-country base amount	111	12	54	6	165	18
Out-of-country surcharge	139	15	67	9	206	24
WCB standard charges	584	729	1,596	1,569	2,180	2,298
WCB per separate agreements	-	-	-	-	-	-
Federal	215	259	161	138	376	397
Other Alberta Government	-	42	-	16	-	58
Uninsured medical services	53	-	95	-	148	-
Other	28	31	9	0	37	31
Preferred accommodations	818	289	-	2	818	291
Insured residents self pay	822	-	-	-	822	-
Continuing care standard ward	-	-	-	-	-	-
Continuing care semi-private	-	-	-	-	-	-
Continuing care private	-	-	-	-	-	-
	5,227	3,681	2,783	2,740	8,010	6,421
Continuing Care						
Continuing care standard ward	4,794	3,752	-	-	4,794	3,752
Continuing care semi-private	7,435	5,715	-	-	7,435	5,715
Continuing care private	7,201	5,574	-	-	7,201	5,574
Other	116	72	-	-	116	72
Out-of-province	44	-	-	-	44	-
Out-of-country base amount	-	-	-	-	-	-
Out-of-country surcharge	-	-	-	-	-	-
WCB standard charges	-	-	-	-	-	-
Other Alberta Government	-	-	-	-	-	-
Uninsured medical services	-	-	-	-	-	-
Uninsured supplies	-	-	-	-	-	-
	19,590	15,113	-	-	19,590	15,113
Home Care						
Homemaking fees	-	-	90	73	90	73
Meals	-	-	-	-	-	-
Other	-	-	-	-	-	-
	-	-	90	73	90	73
Public Health	-	-	-	22	-	22
Other	-	1,007	-	346	-	1,353
Total	24,817	19,801	2,873	3,181	27,690	22,982

David Thompson Regional Health Authority
Notes To The Financial Statements
For the Year Ended March 31, 2004
(thousands of dollars)

Note 15 Ancillary Operations

	2004								2003
	Non-patient foods	Ambulance services	Assisted living condos	Parking operations	TV and telephone	David Thompson dispensary	Other	Total	Total
Revenues									
Revenue	2,044	472	341	937	134	600	76	4,604	5,088
Expenses									
Other expenses	2,026	445	323	520	90	686	73	4,163	4,758
Amortization	1	-	-	-	-	-	-	1	8
	2,027	445	323	520	90	686	73	4,164	4,766
Excess (deficiency) of revenues over expenses	17	27	18	417	44	(86)	3	440	322

Note 16 Investment and Other Income

	2004	2003
Investment income	3,269	1,801
Other income	6,819	6,194
	10,088	7,995

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

Other income is comprised of revenue from vocational rehabilitation programs and various revenue and expense recoveries external to the authority.

Note 17 Administration

	2004	2003
Corporate administration	9,355	9,584
Finance	5,100	5,082
Human resources	5,106	4,912
Administration – contract operators (Schedule 4)	1,224	869
	20,785	20,447

Note 18 Support Services

	2004	2003
Bio-medical engineering	443	404
Building maintenance, operations and security	31,643	25,941
Case Management	1,063	1,146
Communications	1,909	1,704
Education	3,030	3,928
Housekeeping	13,238	13,217
Laundry and linen	4,904	4,446
Materiel management	6,985	6,904
Patient food services	17,237	17,332
Patient health records	5,879	7,108
Patient registration	2,956	2,355
Patient transportation	5,448	5,337
Volunteer services	700	615
Support services – contract operators (Schedule 4)	3,382	3,046
	98,825	93,483

Note 19 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the statement of operations and in the notes to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the statement of operations.

(c) Foundations

The following controlled foundations are not consolidated in these statements:

David Thompson Health Region Foundation: The control is a result of the Authority having significant economic interest in the Foundation and the purpose of this Foundation is integrated with the Authority. However, the Foundation is not consolidated in these financial statements.

	2004	2003
Total assets	5,671	5,359
Total liabilities	(1,500)	(1,263)
Net assets	4,171	4,096
Revenue	2,150	1,809
Expenses	(2,075)	(1,204)
Excess of revenue over expenses	75	605

Note 19 Related Parties (continued)

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2004	
	2004	2003	Externally Restricted	Unrestricted
DTHR Foundation	1,650	726	2,394	1,776

	Administrative Support		Accounts Receivable	
	Year ended March 31,		At March 31,	
	2004	2003	2004	2003
DTHR Foundation	26	14	840	184

Resources of the foundation amounting to $1,472 have been restricted by donors for the exclusive use of Red Deer Regional Hospital Centre.

(d) Other foundations

The Authority has economic interest in the Wetaskiwin Health Foundation, Drayton Valley Health Services Foundation, Stettler Health Services Foundation, Coronation Health Centre Foundation, Drumheller Area Health Foundation and Consort Hospital Foundation. The Foundations were established to solicit, receive and distribute assets for maintaining and enhancing health services in their respective communities.

Note 19 Related Parties (continued)

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2004	
	2004	2003	Externally Restricted	Unrestricted
Wetaskiwin Health Foundation	82	35	109	1,136
Drayton Valley Health Services Foundation (unaudited)	87	24	164	33
Stettler Health Services Foundation	43	191	31	372
Coronation Health Centre Foundation (unaudited)	12	-	-	28
Drumheller Area Health Foundation (unaudited)	153	86	96	63
Consort Hospital Foundation (2004 not provided)	-	15	-	-
	377	351	400	1,632

(e) Voluntary and private health service operators

The Authority contracts with voluntary and private health service providers to provide health services in the region. Details are presented in Schedule 4.

Note 20 Pension Costs

The Authority participates in the Local Authorities Service Pension Plan, which is a multi-employer defined benefit plans. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $18,001 for the year ended March 31, 2004.

At December 31, 2003, the Local Authorities Pension Plan reported a deficit of $1,410,987 (2002 deficit $444,980).

Note 21 Health Authority Boundary Re-alignment

Effective April 1, 2003, The Minister of Health and Wellness disestablished eight of the Province's seventeen regional health authorities and re-aligned the boundaries of the nine continuing ones. The assets, liabilities, and net assets of the Crossroads Health Authority #9 have been assumed by the David Thompson Regional Health Authority at carrying value. The assets, liabilities and net assets of Regional Health Authority 5 have been assumed in part by the David Thompson Regional Health Authority, Calgary Regional Health Authority, and Palliser Health Authority at carrying value. The assets, liabilities and net assets of the Alberta Mental Health Board have been assumed in part by the nine continuing regions and the Alberta Mental Health Board at carrying value.

Note 21 Health Authority Boundary Re-alignment (continued)

The boundary change also resulted in a transfer of specific assets, liabilities and net assets between the David Thompson Regional Health Authority and East Central Regional Health Authority at carrying value.

Effective December 1, 2003, the Minister of Health and Wellness further re-aligned the boundaries which resulted in additional specific assets, liabilities and net assets being transferred to Calgary Regional Health Authority from the David Thompson Regional Health Authority at carrying value.

Note 22 Comparative Figures

Comparative figures have been reclassified to conform with current year presentation. Major restatement relate to the following:

a) Boundary change
The comparative figures for the year ended March 31, 2003 have been adjusted to reflect the boundary changes described in Note 21. The audited 2003 financial statements of Crossroads Regional Health Authority #9 were prepared by Grant Thornton LLP, Chartered Accountants who issued their audit report on June 6, 2003. The audited 2003 financial statements of Regional Health Authority 5, East Central Regional Health Authority 7 and Alberta Mental Health Board were prepared by the Auditor General of Alberta who issued their audit reports between May 31, 2003 and June 25, 2003.

b) Redistribution of surplus (deficit)
The audited 2003 financial statements of Crossroads Regional Health Authority #9 and Regional Health Authority 5 reported accumulated surpluses of $1,299 and $722 respectively, for a total of $2,021. The surpluses of these discontinued regions have been applied against the provincial accumulated deficits for the 17 regions in existence at March 31, 2003. The statements have been revised to show the re-allocation of these surpluses in accordance with Alberta Health and Wellness guidelines.

c) Reclassification of externally donated funds
Donations and the proceeds of other fundraising activities for the various communities within the region have previously been reported as internally restricted funds of the authority. Since these funds have been raised by organizations external to the authority with specific conditions of use for the benefit of the communities in which the funds have been raised, it is appropriate to treat these as external restrictions.

Note 23 Subsequent Events

The Dr. Richard Parsons Care Centre ceased operations in May 2004. The services have been replaced by a Private Public Partnership arrangement with the Bethany Care Society (See Note 10).

Note 24 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit, or if the Accumulated Surplus is insufficient, providing the Minister of Health and Wellness with a plan to eliminate the accumulated deficit within three years. The Authority incurred an operating deficit of $18,077 for the year ended March 31, 2004 (2003: $18,217). The Authority has partially offset the deficit with the use of all previously accumulated internally restricted net assets.

Note 25 Approval of Financial Statements

These financial statements have been approved by the David Thompson Regional Health Authority.

Schedule 1

David Thompson Regional Health Authority
Schedule of Expenses by Object
For the Year Ended March 31, 2004
(thousands of dollars)

	Budget	2004	2003
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	337,431	322,291	300,492
Contracts with health service operators (Schedule 4)	18,944	21,881	17,930
Drugs, gases, medical and surgical supplies	16,163	20,347	19,576
Other contracted services	24,383	24,437	26,357
Interest on bank loan	35	31	37
Other[1]	67,551	68,842	69,882
Amortization:			
Property, plant and equipment - internally funded	2,432	3,738	3,362
Property, plant and equipment - externally funded	4,731	4,724	3,975
Facilities and improvements	9,969	11,627	10,675
Property, plant and equipment write down	-	-	597
	481,639	477,918	452,883
Less amounts reported in ancillary operations (Note 15)	(3,000)	(4,164)	(4,766)
	478,639	473,754	448,117

(1) Other expenses are comprised of:

Building and equipment maintenance	11,335
Diagnostic and therapeutic supplies	5,031
Dietary supplies	6,479
Insurance	1,663
Minor equipment purchases	2,529
Patient transport and staff travel	8,566
Rental or lease of building and equipment	4,148
Utilities	10,758
Other	18,333
	68,842

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2004
(thousands of dollars)

	2004						
					Severance		
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total
Authority/Board Compensation							
RHA Chairperson							
Graham, J. - Provincial Business		15	-	15		-	15
- DTRHA Business		40	-	40		-	40
RHA Board Members							
Anderson, C.		14	-	14		-	14
Bergman, G.		9	-	9		-	9
Dawe, M.		13	-	13		-	13
Fowler, R.D.		1	-	1		-	1
Gataint, I.		14	-	14		-	14
Gillespie, E.S.		12	-	12		-	12
Hemming, G.		8	-	8		-	8
King, R.		9	-	9		-	9
Manning, R.		1	-	1		-	1
Moore, W.		15	-	15		-	15
Notley, W.		13	-	13		-	13
Ralston, P.		1	-	1		-	1
Rooyakkers, K.		15	-	15		-	15
Taylor, S.J.		13	-	13		-	13
Thompson, R.G.		12	-	12		-	12
Ungstad, D.		10	-	10		-	10
Total honoraria		215	-	215		-	215
Staff							
Chief Executive Officer							
Vogelzang, J.	1.00	260	24	284	-	-	284
Management person(s) reporting to the CEO:							
Sr. Vice President & C.O.O. - Health Services	1.00	175	17	192	-	-	192
Vice President & C.O.O. - Corporate Services	1.00	160	17	177	-	-	177
Vice President - Clinical Support Services	1.00	140	17	157	-	-	157
Vice President - Public Health	1.00	140	17	157	-	-	157
Vice President - Community and Continuing Care Services	1.00	140	17	157	-	-	157
Vice Presdient - Capital Planning & Project Development	1.00	140	17	157	-	-	157
Vice President - Medicine	1.00	275	17	292	-	-	292
	8.00	1,430	143	1,573	-	-	1,573
Other management person(s) reporting directly to those above (avg. 2004 $126) (excluding severance)	31.16	3,336	583	3,919	-	-	3,919
Other management (avg. 2004 $96) (excluding severance)	217.18	17,749	3,199	20,948	15	631	21,579
Medical doctors not included above (avg. 2004 $282) (excluding severance)	6.55	1,739	111	1,850	-	-	1,850
Regulated nurses not included above - RNs, Reg. Psych. nurses, Grad nurses, LPNs (avg. 2004 $69) (excluding severance)	1,873.15	109,741	19,355	129,096	10	145	129,241
Other health technical and professionals (avg. 2004 $61) (excluding severance)	1,006.28	51,783	9,342	61,125	2	42	61,167
Unregulated health service providers (avg. 2004 $37) (excluding severance)	614.92	19,299	3,409	22,708	48	260	22,968
Other staff (avg. 2004 $40) (excluding severance)	1,985.40	66,712	12,829	79,541	15	238	79,779
Total Staff	5,734.64	270,359	48,828	319,187	90	1,316	320,503
Total honoraria and staff	5,742.64	272,004	48,971	320,975	90	1,316	322,291

David Thompson Regional Health Authority
Schedule Of Salaries, Honoraria, Benefits, Allowances And Severance
For The Year Ended March 31, 2004

1. Full time equivalent (FTE) has been determined in annual hours as follows:

Management persons reporting to the CEO	2,022.75	
Other management	2,022.75	All other
	1,827.00	Community Health
Regulated nurses	1,921.48	Registered nurses
	2,022.75	Licensed Practical Nurses
	1,827.00	Community Health Nurses
Other technical health and professional	2,022.75	All other
	1,827.00	Community Health
Unregulated health service providers	2,022.75	All other
	1,827.00	Community Health
Other staff	2,022.75	All other
	1,827.00	Community Health

Total actual discrete number of individuals employed: 9,040

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, Employment Insurance, workers compensation, car benefits and allowances and tuition.

4. Severance includes:

   All monies paid directly or on behalf of an employee upon termination which have not been included in salaries and benefits.

Schedule 3

David Thompson Regional Health Authority
Schedule of Deferred Contributions
For the Year Ended March 31, 2004
(thousands of dollars)

		Amounts received or receivable						Amounts recognized as revenue						
	Opening Balance April 1, 2003	Alberta Health and Wellness (Note12)	Other government contributions	Foundations	Donors	Transferred from Deferred Capital (Note 7)	Investments and other	Alberta Health and Wellness (Note 12)	Other government contributions (Note 13)	Foundations	Donors	Transferred to UECC (Note 8)	Investments and other	Closing Balance March 31, 2004
Alberta Health and Wellness:														
Continuing Care Iniative	113	-	-	-	-	-	-	(101)	-	-	-	-	-	12
Human Resource Strategic	282	-	-	-	-	-	-	(34)	-	-	-	-	-	248
Menningococcal Immunization	3	-	-	-	-	-	-	(3)	-	-	-	-	-	-
Nurse Practioner Project (HIF)	265	99	-	-	-	-	-	(304)	-	-	-	-	-	60
O-Chiese Health	40	-	-	-	-	-	-	(20)	-	-	-	-	-	20
Pneumococcal Immunization	43	-	-	-	-	-	-	(39)	-	-	-	-	-	4
Sunchild Health	33	-	-	-	-	-	-	(21)	-	-	-	-	-	12
Telehealth	46	54	-	-	-	-	-	(26)	-	-	-	-	-	74
Varicella Immunization	15	-	-	-	-	-	-	(10)	-	-	-	-	-	5
Young Family Wellness	911	764	-	-	-	-	-	(1,103)	-	-	-	-	-	572
Other contributors:														
Restricted - Alberta Infrastructure	7,059	-	3,113	-	-	-	-	-	(2,489)	-	-	(1,738)	-	5,945
Restricted - Donations	5,493	-	-	677	494	-	440	-	-	(13)	(630)	(783)	(257)	5,421
Restricted - Rural on Call	-	2,351	-	-	-	-	-	(2,351)	-	-	-	-	-	-
Restricted - Specialist on Call	744	3,365	-	-	-	-	-	(3,365)	-	-	-	-	-	744
Private Public Partnership Initiative (P3)	24,455	-	-	-	-	450	275	-	(2,111)	-	-	-	(41)	23,028
Other	785	-	717	-	-	-	547	-	(781)	-	-	(75)	(486)	707
Total 2003/04	40,287	6,633	3,830	677	494	450	1,262	(7,377)	(5,381)	(13)	(630)	(2,596)	(784)	36,852

Unspent amounts at year end are as follows:

	2004	2003
Current:		
Continuing Care Iniative	12	113
Human Resource Strategic	248	282
Menningococcal Immunization		3
Nurse Practioner Project (HIF)	60	265
O-Chiese Health	20	40
Pneumococcal Immunization	4	43
Sunchild Health	12	33
Telehealth	74	31
Varicella Immunization	5	15
Young Family Wellness	572	911
Restricted - Alberta Infrastructure	5,945	7,059
Restricted - Donations	5,421	5,493
Restricted - Specialist on Call	744	744
Healthy Aging Partnership Initiative	694	4
Other	707	785
	14,518	15,821
Non-current:		
Private Public Partnership Initiative (P3)	22,334	24,451
Telehealth	-	15
Total	36,852	40,287

Schedule 4

David Thompson Regional Health Authority
Schedule of Voluntary and Private Health Service Providers
For the Year Ended March 31, 2004
(thousands of dollars)

	Revenue					Expenses								
Facility name	Direct region funding	Direct Alberta Health and Wellness funding	Approved patient fees and charges	Full cost adjustments	Total revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community and home based services	Diagnostic and therapeutic services	Promotion prevention and protection services	Administration (Note 17)	Support services (Note 18)	Total expenditures
A. Voluntary														
Castor Our Lady of The Rosary Hospital and Care Centre	2,750	-	295	-	3,045	804	13	671	-	396	-	240	921	3,045
Trochu St. Mary's Health Care Centre	1,432	-	388	180	2,000	-	-	901	-	466	-	169	464	2,000
Bethany Care Society	1,370	-	325	-	1,695	-	-	921	-	63	-	235	476	1,695
The Good Samaritan Society	1,509	-	-	-	1,509	-	-	1,509	-		-	-	-	1,509
B. Private														
Ponoka Northcott Care Centre	2,674	188	1,035	-	3,897	-	-	2,339	-	155	-	410	993	3,897
Linden Nursing Home	1,195	-	520	-	1,715	-	-	914	-	103	-	170	528	1,715
DKML / Provincial Laboratories	5,695	-	-	-	5,695	-	-	-	-	5,695	-	-	-	5,695
Private physiotherapy clinics	823	-	-	-	823	-	-	-	-	823	-	-	-	823
Mental Health Services	720	-	-	-	720	199	521	-	-	-	-	-	-	720
Other	782	-	-	-	782	-	-	189	375	-	218	-	-	782
Total 2003/04	18,950	188	2,563	180	21,881	1,003	534	7,444	375	7,701	218	1,224	3,382	21,881
Total 2002/03	16,330	188	1,412	-	17,930	791	24	5,974	212	6,858	156	869	3,046	17,930

East Central
#5

East Central Health

Financial Statements

March 31, 2004

EAST CENTRAL HEALTH
FINANCIAL STATEMENTS
MARCH 31, 2004

Auditor's Report

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

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Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Schedule of Deferred Contributions

Schedule 4 – Schedule of Voluntary and Private Health Service Providers

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of East Central Health
And the Minister of Health and Wellness.

I have audited the statement of financial position of East Central Health (the Region) as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
June 24, 2004, except as to Note 16,
which is as of June 30, 2004

EAST CENTRAL HEALTH

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2004

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the Auditor General to review financial matters, and recommends the financial statements to the East Central Health Board for approval. The Auditor General has full and free access to the Committee of the Whole.

The Auditor General provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Steve Petz
President and
Chief Executive Officer

Norm Petherbridge, CA
Chief Financial Officer

EAST CENTRAL HEALTH
STATEMENT OF FINANCIAL POSITION
March 31, 2004
(thousands of dollars)

	2004	2003 (as restated - Notes 20 & 21)
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 13,015	$ 14,610
Accounts receivable	3,242	1,859
Contributions receivable from Alberta Health and Wellness	1,196	1,671
Inventories	521	467
	17,974	18,607
Non-current cash and investments (Note 3)	12,057	15,857
Capital assets (Note 4)	82,966	78,800
TOTAL ASSETS	$ 112,997	$ 113,264
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 16,720	$ 8,489
Accrued vacation pay	5,032	4,652
Deferred contributions (Schedule 3)	3,227	3,235
	24,979	16,376
Deferred contributions (Schedule 3)	872	853
Deferred capital contributions (Note 5)	11,185	15,004
Unamortized external capital contributions (Note 6)	77,730	74,425
	114,766	106,658
Net assets:		
Accumulated (deficit) surplus	(7,005)	2,231
Investment in capital assets	5,236	4,375
	(1,769)	6,606
TOTAL LIABILITIES AND NET ASSETS	$ 112,997	$ 113,264

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL HEALTH
STATEMENT OF OPERATIONS
March 31, 2004
(thousands of dollars)

	2004		2003
	Budget (Note 8)	Actual	Actual (as restated - Notes 20 & 21)
Revenue			
Alberta Health and Wellness contributions (Note 9)	$ 154,301	$ 154,810	$ 149,475
Other government contributions (Note 10)	2,928	3,888	4,251
Fees and charges (Note 11)	16,681	17,977	15,866
Ancillary operations, net (Note 12)	12	61	19
Donations	-	332	314
Investment and other income (Note 13)	1,560	3,312	1,393
Amortized external capital contributions (Note 6)	4,389	4,512	4,768
TOTAL REVENUE	179,871	184,892	176,086
Expenses (Schedule 1)			
Facility-based inpatient acute nursing care services	33,083	31,211	30,523
Facility-based emergency and outpatient services	5,082	8,181	6,586
Facility-based continuing care services	37,331	36,525	34,999
Community and home-based services	22,391	23,270	18,606
Diagnostic and therapeutic services	27,137	26,266	25,103
Promotion, prevention and protection services	4,867	5,383	5,572
Research and education	60	63	60
Administration (Note 14)	12,754	11,959	11,132
Information technology	2,263	3,599	2,355
Support services (Note 15)	43,371	43,621	40,040
Amortization of facilities and improvements	3,300	3,264	3,933
TOTAL EXPENSES	191,639	193,342	178,909
Deficiency of revenue over expenses (Note 16)	$ (11,768)	$ (8,450)	$ (2,823)

EAST CENTRAL HEALTH
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2004
(thousands of dollars)

	2004			2003
	Unrestricted	Invested in Capital Assets	Total	Total (as restated - Notes 20 & 21)
Deficiency of revenue over expenses	(8,450)	-	$ (8,450)	$ (2,823)
Capital assets purchased with internal funds	(1,544)	1,544	-	-
Externally funded land purchased (Note 5)	75		75	
Amortization on internally funded capital assets:				
capital equipment	644	(644)	-	-
facilities and improvements	35	(35)	-	-
Disposal of capital assets, internally funded	4	(4)	-	-
Net change	(9,236)	861	(8,375)	(2,823)
Balance at beginning of year	2,231	4,375	6,606	9,429
Balance at end of year	$ (7,005)	5,236	$ (1,769)	$ 6,606

EAST CENTRAL HEALTH
STATEMENT OF CASH FLOWS
March 31, 2004
(thousands of dollars)

	2004		2003
	Budget	Actual	Actual (as restated - Notes 20 & 21)
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	$ (11,768)	$ (8,450)	$ (2,823)
Non-cash transactions:			
Amortization of capital equipment:			
internally funded	617	644	677
externally funded	1,090	1,266	1,235
Amortization of facilities and improvements	3,300	3,264	3,933
Amortization of external capital contributions (Note 6)	(4,390)	(4,495)	(4,768)
Disposals - externally funded	-	(18)	-
Gain on disposal of investments	-	-	(6)
Write down of capital assets	-	-	12
Gain on disposal of capital equipment	-	-	(1)
	(11,151)	(7,789)	(1,741)
Changes in non-cash working capital accounts	(331)	7,641	3,783
Cash generated (used by) from operations	(11,482)	(148)	2,042
Investing activities:			
Purchase of capital assets:			
internally funded	(660)	(1,544)	(588)
externally funded (Note 6):			
equipment	(1,500)	(1,381)	(2,495)
facilities and improvements	(10,004)	(8,166)	(9,042)
work in progress	-	1,729	(3,460)
Proceeds on disposal of capital assets	-	22	9
Allocations to non-current cash	10,857	3,800	3,742
Cash used by investing activities	(1,307)	(5,540)	(11,834)
Financing activities:			
(Decrease) increase in non-current deferred contributions (Schedule 3)	(853)	19	(272)
Capital contributions received (Note 5)	1,500	4,074	11,406
Cash generated from financing activities	647	4,093	11,134
(Decrease) increase in cash and temporary investments	(12,142)	(1,595)	1,342
Cash and temporary investments, beginning of year	20,487	14,610	13,268
Cash and temporary investments, end of year	$ 8,345	$ 13,015	$ 14,610

EAST CENTRAL HEALTH

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2004
(thousands of dollars)

Note 1 Authority, Purpose and Operations

East Central Health (the Authority) was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Bashaw Community Health Services
- Bashaw Care Centre
- Camrose Community Health Services
- Camrose Mental Health Clinic
- Daysland Health Centre
- Galahad Care Centre
- Hardisty Health Centre
- Hardisty Mental Health Clinic
- Islay Care Centre
- Killam Mental Health Clinic
- Kitscoty Community Health Services
- Lamont Community Health Centre
- Mannville Care Centre
- Myrnam Home Care
- Provost Community Health Services
- Provost Health Centre
- Provost Mental Health Clinic
- Sedgewick Community Health Services
- Tofield Community Health Services
- Tofield Health Centre
- Tofield Mental Health Clinic
- Two Hills Health Centre
- Two Hills Community Health Services
- Vegreville Care Centre
- Vegreville Community Health Services
- Vegreville Mental Health Clinic
- Vermilion Community Health Services
- Vermilion Health Centre
- Vermilion Mental Health Clinic
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre
- Wainwright Mental Health Clinic
- Willingdon Home Care

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 21 issued by Alberta Health and Wellness and include the following significant accounting policies:

(a) Basis of Presentation

(1) These financial statements do not include the assets, liabilities nor operations of the foundations described in Note 17(c), which are controlled by the Authority.

(2) These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when they become receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iv) Endowments and restricted contributions to purchase capital assets, which will not be amortized, are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and also as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteer's contributed services is not reported, as a fair value cannot be determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the amount of employer contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, contributions receivable, non-current cash and investments, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost (moving average) or net realizable value.

(g) Capital Assets

Capital assets and construction and technology projects in progress are recorded at cost. Capital assets with unit costs less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	20 years
Buildings and improvements	40 years
Leasehold improvements	20 years
Furniture and equipment	5-20 years

Construction and technology projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of capital asset ownership to the Authority are accounted for as capital asset acquisitions financed by restricted external contributions.

(h) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes. These amounts are not reflected in these financial statements but are disclosed in Note 18.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ significantly from these estimates.

Note 3 Cash and Temporary Investments

	2004	2003
Cash	$ 8,259	$ 15,572
Fixed income investments	11,228	9,310
Equities	5,585	5,585
	$ 25,072	$ 30,467
Market value of cash and temporary investments		
Cash	$ 8,259	$ 15,572
Fixed income investments	11,394	9,481
Equities	5,339	5,339
	$ 24,992	$ 30,392
Classified as:		
Current	$ 13,015	$ 14,610
Non-current	12,057	15,857
	$ 25,072	$ 30,467

(a) To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income investments and 15% to 35% for equities. Risk is reduced through diversification.

(b) Publicly traded fixed-income investments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 5.3% per annum for securities maturing between 1 and 46 years. As at March 31, 2004, the securities have the following term structure based on par:

1 to 5 years	43%
6 to 10 years	22%
Over 10 years	35%

Note 3 Cash and Temporary Investments (continued)

(c) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2004	2003
Externally restricted for:		
· Healthy Aging Partnership Initiatives (Schedule 3)	$ 872	$ 853
Federal equipment grants (Note 5)	1,107	-
Camrose continuing care capital project (Note 5)	8,007	14,932
Vegreville continuing care capital project (Note 5)	1,999	-
Externally restricted for capital acquisitions (Note 5)	72	72
	$ 12,057	$ 15,857

Note 4 Capital Assets

	Cost				Accumulated Amortization				Net Book Value
	Balance Mar 31/03	Additions	Disposals	Balance Mar 31/04	Balance Mar 31/03	Current Year Amortization	Amortization on Disposals	Balance Mar 31/04	Mar 31/04
Land	$ 1,039	$ 75	$ -	$ 1,114	$ -	$ -	$ -	$ -	$ 1,114
Land improvements	2,914	-	-	2,914	1,808	98	-	1,906	1,008
Buildings and improvements	113,998	8,166	-	122,164	49,399	3,163	-	52,562	69,602
Leasehold improvement	94	-	-	94	37	3	-	40	54
Furniture and equipment	28,564	1,772	23	30,313	20,553	1,910	1	22,462	7,851
Construction and technology projects in progress	3,987	(651)	-	3,336	-	-	-	-	3,336
	$ 150,597	$ 9,362	$ 23	$ 159,936	$ 71,797	$ 5,174	$ 1	$ 76,970	$ 82,966

Leased capital assets included above are as follows:

	Cost Balance Mar 31/04	Accumulated Amortization Balance Mar 31/04	Net Book Value Mar 31/04
Land improvements	$ 208	$ 21	$ 187
Buildings and improvements	8,832	632	8,200
Furniture and equipment	1,669	172	1,497
	$ 10,709	$ 825	$ 9,884

The assets under capital lease pertain to the transfer of assets from St. Mary's Hospital in Camrose and Killam General Hospital to Alberta Infrastructure. Alberta Infrastructure subsequently leased these assets to the Authority.

Capital assets have been funded from the following sources:

	2004	2003
Externally funded (unamortized external capital contributions)	$ 77,730	$ 74,425
Internally funded (invested in capital assets)	5,236	4,375
	$ 82,966	$ 78,800

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Note 5 Deferred Capital Contributions

Deferred capital contributions represent amounts accounted for in accordance with accounting policy described in Note 2(a)(2)(ii).

	2004	2003
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 1,716	$ -
Restricted other government contributions	2,000	11,255
Donations restricted for capital purposes	409	190
	4,125	11,445
Amounts transferred to operations - Alberta Health and Wellness contributions (Note 9)	(51)	(39)
	4,074	11,406
Transferred to:		
Unrestricted net assets	(75)	-
Unamortized external capital contributions (Note 6)	(7,818)	(14,997)
Change during the year	(3,819)	(3,591)
Balance, beginning of year	15,004	18,595
Balance, end of year	$ 11,185	$ 15,004
Balance at end of the year is restricted for the following purposes:		
Externally restricted for capital acquisitions: (Note 3)		
Federal equipment grants	$ 1,107	$ -
Other equipment grants	69	69
Telehealth equipment	3	3
	1,179	72
Vegreville continuing care capital project (Note 3)	1,999	-
Camrose continuing care capital project (Note 3)	8,007	14,932
	$ 11,185	$ 15,004

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Note 6 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a)(2)(ii). The balance at end of year represents the external capital contributions that will be recognized as revenue in future years.

	2004	2003
Balance, beginning of year	$ 74,425	$ 64,196
Add amounts transferred from deferred capital contributions (Note 5)	7,818	14,997
Disposal of externally funded equipment	(18)	(665)
Less amounts recognized as revenue:		
Equipment	(1,265)	(1,155)
Facilities and improvements	(3,229)	(2,948)
Ancillary operations (Note 12)	(1)	-
Balance, end of year	$ 77,730	$ 74,425

Note 7 Commitments and Contingencies

The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services (Schedule 4). The Authority has contracted for services in the year ending March 31, 2005 similar to those provided by these operators in 2004.

In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a four year contract, expiring December 31, 2004, to purchase electrical energy at a fixed price of $9.265 per MWh. Based on 2004 consumption, the annual costs for the year ending March 31, 2005 are expected to be $1,630.

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Note 8 Budget

	Approved Budget [1]	Additional Funding [2]	2003 2004 Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 154,301	$ -	$ 154,301
Other government contributions	2,928	-	2,928
Fees and charges	15,681	1,000	16,681
Ancillary operations, net	12	-	12
Donations	-	-	-
Investment and other income	1,560	-	1,560
Amortization of external capital contributions	4,389	-	4,389
TOTAL REVENUE	178,871	1,000	179,871
Expenses			
Facility-based inpatient acute nursing care services	33,083	-	33,083
Facility-based emergency and outpatient services	5,082	-	5,082
Facility-based continuing care services	37,331	-	37,331
Community and home-based services	22,391	-	22,391
Diagnostic and therapeutic services	27,137	-	27,137
Promotion, prevention and protection services	4,867	-	4,867
Research and education	60	-	60
Administration	12,754	-	12,754
Information technology	2,263	-	2,263
Support services	43,371	-	43,371
Amortization of facilities and improvements	3,300	-	3,300
TOTAL EXPENSES	191,639	-	191,639
Excess (Deficiency) of revenue over expenses	$ (12,768)	$ 1,000	$ (11,768)

(1) The budget was approved by the Authority on June 25, 2003, and submitted to the Minister of Health and Wellness for approval.

(2) Continuing care accommodation fees were increased effective August 1st, 2003 and accordingly an estimate was included in the budget for the expected incremental revenues.

Note 9 Alberta Health and Wellness Contributions

	2004	2003
Unrestricted contributions	$ 151,554	$ 146,638
Transfers from deferred contributions (Schedule 3)	3,046	2,334
Transfers from deferred capital contributions (Note 5)	51	39
Other restricted	-	305
AH&W payments to contract operators:		
Legacy Mortgage Assistance Program for nursing home upgrades	159	159
	$ 154,810	$ 149,475

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Note 10 Other Government Contributions

	2004	2003
Alberta Government:		
Transfers from deferred contributions (Schedule 3):		
Alberta Infrastructure	$ 2,139	$ 1,413
Others	285	298
	2,424	1,711
Fair value of rent less rent charges for non-acute care facilities used by the Authority	451	369
Fair value for use of non-owned acute care facilities (Schedule 4)	1,013	2,171
	$ 3,888	$ 4,251

Note 11 Fees and Charges

	Inpatient Resident		Outpatient	
	2004	2003	2004	2003
Acute Care				
Out-of-province	$ 788	$ 695	$ 677	$ 597
Out-of-country	12	11	38	34
WCB standard charges	364	321	442	390
Federal	55	49	172	152
Uninsured medical services	(1)	(1)	20	18
Uninsured supplies	(1)	(1)	15	13
Preferred accommodation	29	26	-	-
Continuing care semi-private	159	140	-	-
Continuing care private	18	16	-	-
	1,423	1,256	1,364	1,204
Continuing Care				
Continuing care standard ward	320	282	-	-
Continuing care semi-private	6,856	6,051	-	-
Continuing care private	7,923	6,993	-	-
	15,099	13,326	-	-
Public Health	-	-	91	80
	$ 16,522	$ 14,582	$ 1,455	$ 1,284

Note 12 Ancillary Operations

	2004			2003
	Non-Patient Food Services Operations	Other Operations	Total	Total
Revenue				
Revenue	$ 632	$ 93	$ 725	$ 649
Amortization of deferred capital contributions (Note 6)	-	1	1	-
	632	94	726	649
Expenses				
Other expenses	629	32	661	626
Amortization	4	-	4	4
	633	32	665	630
Excess (deficiency) of revenue over expenses	$ (1)	$ 62	$ 61	$ 19

Note 13 Investment and Other Income

	2004	2003
Investment revenue	$ 1,416	$ 461
Other revenue	1,896	932
	$ 3,312	$ 1,393

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other revenue comprises charges for laundry services to continuing care clients, services provided to others and various miscellaneous recoveries.

Note 14 Administration

	2004	2003
General administration	$ 4,192	$ 3,822
Finance	1,110	1,133
Human Resources	1,234	1,241
Administration - contract operators (Schedule 4)	5,423	4,936
	$ 11,959	$ 11,132

Note 15 Support Services

	2004	2003
Building maintenance, operations and security	$ 9,069	$ 7,777
Education	475	639
Housekeeping	2,629	2,391
Laundry and linen	1,204	1,051
Materiels management	1,048	1,089
Patient food services	4,713	4,758
Patient health records	1,383	1,208
Patient registration	673	716
Patient transportation	1,421	1,690
Support services - contract operators (Schedule 4)	21,006	18,721
	$ 43,621	$ 40,040

Note 16 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Amendment Regulation (A.R.127/2002) from incurring an operating deficit. If a regional health authority incurs an operating deficit, further action would normally be required.

The Authority incurred an operating deficit of $8,450 for the year ended March 31, 2004.
On June 30, 2004, the Minister of Health and Wellness advised the Authority that it will receive additional funding in the 2004/05 fiscal year, to eliminate the Authority's accumulated deficit as reported in the March 31, 2004 audited financial statements. As a result of this additional funding, a deficit elimination plan will not be required.

Note 17 Related Parties

(a) Province of Alberta

The Authority was established under the Regional Health Authorities Act. The Minister of Health and Wellness appointed all board members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the statement of operations, notes and schedules to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the statement of operations.

Note 17 Related Parties (continued)

(c) Foundations

The following controlled foundations are not consolidated in these financial statements:

(i) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Viking community.

	2004 (unaudited)	2003 (audited)
Total assets	$ 1,775	$ 1,775
Total liabilities	(19)	(19)
Net assets	$ 1,756	$ 1,756
Revenues	$ 184	$ 184
Expenses	(127)	(127)
Excess of revenues over expenses	$ 57	$ 57

The resources of the Foundation amounting to $1,756 (2003 - $1,756) have been restricted by the donors for the exclusive use of the Viking community.

The Viking Health Foundation prepared financial statements using the restricted fund method.

(ii) Tofield and Area Health Services Foundation

The Tofield and Area Health Services Foundation was established under the authorization of the Minister of Health on September 10, 2003. Representation on its Board consists of 7 members appointed by the Authority. The Tofield and Area Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Tofield community.

	2004 (unaudited)	2003
Total assets	$ 16	$ -
Total liabilities	-	-
Net assets	$ 16	$ -
Revenues	$ 16	$ -
Expenses	-	-
Excess of revenues over expenses	$ 16	$ -

Note 17 Related Parties (continued)

The resources of the Foundation amounting to $16 have been restricted by the donors for the exclusive use of the Tofield community.

The Tofield and Area Health Services Foundation prepared financial statements using the restricted fund method.

	Contributions Received by the Authority		Resources held by the Foundation	
	Year ended March 31,		At March 31, 2004	
	2004	2003	Externally Restricted	Unrestricted
Viking Health Foundation	$ 2	$ 2	$ -	$ 1,756
Tofield and Area Health Services Foundation	-	-	-	16
	$ 2	$ 2	$ -	$ 1,772

(d) Other Foundations

The Authority has economic interest in the following foundations:

	Contributions Received by the Authority		Resources held by the Foundation	
	Year ended March 31,		At March 31, 2004	
	2004	2003	Externally Restricted	Unrestricted
Daysland General Hospital Foundation	$ 31	$ 49	$ -	$ 154
Wainwright & District Community Health Foundation	15	122	91	348
	$ 46	$ 171	$ 91	$ 502

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the foundations.

The Authority is permitted to appoint one representative to the Board of Directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of each community.

No administrative support was provided to the foundations referred to in (c) and (d) above.

Amounts due from (payable to) the foundations at year-end are as follows:

	2004	2003
Viking Health Foundation	$ 105	$ (6)
Tofield and Area Health Services Foundation	-	-
	$ 105	$ (6)

Note 17 Related Parties (continued)

(c) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service providers to provide health services in the Region. Details are presented in Schedule 4.

Note 18 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness and Alberta Infrastructure for non-owned facilities for capital purposes. In addition, the Authority is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Regional Shared Health Information Program (RSHIP) and the Alzheimer's Dementia project. These amounts are not included in the operations, assets or liabilities reported in these financial statements.

During the year the Authority received $ 3,029 (2003 - $2,546) and disbursed $ 7,062 (2003 - $2,838) for the above noted items. The balance of funds held by the Authority is $3,646 (2003 - $7,679).

Note 19 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $2,837.

At December 31, 2003, the Local Authorities Pension Plan reported an actuarial deficiency of $1,410,987 (2002 - deficiency of $444,980).

Note 20 Health Authority Boundary Re-alignment

Effective April 1, 2003, the Minister of Health and Wellness disestablished eight of the Province's seventeen regional health authorities and re-aligned the boundaries of the nine continuing regions. In addition, effective April 1, 2003, the governance and accountability for the programs and services provided by the Alberta Mental Health Board were transferred to the regional health authorities. The Authority has assumed at carrying value the assets, liabilities and net assets relating to the portion of the regions that were transferred from Lakeland Regional Health Authority, David Thompson Health Authority and the Alberta Mental Health Board. The Authority also transferred to David Thompson Health Region, the carrying value of assets, liabilities and net assets, relating to the portion of the region that was transferred to David Thompson Health Region.

Unrestricted net assets has also been increased by $1,037 to reflect a proportionate redistribution of the accumulated surpluses (deficits) of the disestablished health regions among the continuing health regions.

The 2003 comparative figures have been restated to include the following:

	Lakeland Regional Health Authority	David Thompson Health Region	David Thompson Health Region	Alberta Mental Health Board	Redistribution of accumulated surpluses (deficits) of disestablished regions	Total
As at March 31, 2003						
Total Assets	$ 11,198	$ 722	$ (21,263)	$ 285	$ 1,037	$ (8,021)
Total Liabilities	11,144	671	(20,543)	150		(8,578)
Net Assets	$ 54	$ 51	$ (720)	$ 135	$ 1,037	$ 557
For the year ended March 31, 2003						
Total Revenues	$ 37,916	$ 2,423	$ (22,916)	$ 4,022	$ -	$ 21,445
Total Expenses	$ 41,816	$ 2,227	$ (27,714)	$ 3,827	$ -	$ 20,156

Note 21 Comparative Figures

Certain 2003 figures have been reclassified and restated to conform to the 2004 presentation. Capital assets and investment in capital assets have been reduced by $276 at March 31, 2003, as it has been determined that the Authority does not have title to a parcel of leased land that was previously capitalized.

Note 22 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

EAST CENTRAL HEALTH
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	2004		2003
	Budget	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 70,840	$ 73,600	$ 68,042
Contracts with health service operators (Schedule 4)	91,816	85,875	77,888
Drugs, gases, medical and surgical supplies	2,328	2,731	2,630
Consulting services	7,315	8,842	6,973
Other	15,861	17,785	18,149
Amortization			
Capital equipment - internally funded (net of gains/losses)	402	644	677
Capital equipment - externally funded (net of gains/losses)	744	1,266	1,247
Facilities and improvements	3,244	3,264	3,933
	192,550	194,007	179,539
Less amounts reported in ancillary operations (Note 12)	(911)	(665)	(630)
	$ 191,639	$ 193,342	$ 178,909

Schedule 2

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDING MARCH 31, 2004

(thousands of dollars)

	2004						
					Severance [5]		
Authority/Board Compensation	Number of Individuals	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total
Chair - E. Andersen	1	30	-	30	-	-	30
M. Arnold	1	11	-	11	-	-	11
R. Crooker	1	8	-	8	-	-	8
P. Gulak	1	7	-	7	-	-	7
J. Hunter	1	9	-	9	-	-	9
R. Israelson	1	12	-	12	-	-	12
L. Johnson	1	8	-	8	-	-	8
S. Martin	1	6	-	6	-	-	6
C. Mastel	1	9	-	9	-	-	9
O. Olineck	1	14	-	14	-	-	14
M. Schreiber	1	8	-	8	-	-	8
M. Zeniuk	1	9	-	9	-	-	9
Total Honoraria	12	131	-	131	-	-	131

EAST CENTRAL HEALTH
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDING MARCH 31, 2004
(thousands of dollars)

	2004						
					Severance [5]		
	Number of FTE's [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total
Staff							
Chief Executive Officer [4]	1.0	251	37	288	-	-	288
Management persons reporting to the CEO:							
Vice President: Operations	0.4	51	8	59	-	-	59
Vice President - Health Services	0.7	82	9	91	-	-	91
Vice President: Development	0.3	39	7	46	-	-	46
Vice President - Medical Services	0.9	193	14	207	-	-	207
Director - Communications	1.0	81	14	95	-	-	95
Chief Corporate Services Officer	1.0	116	17	133	-	-	133
Chief Human Resources Officer	0.7	73	9	82	-	-	82
Chief Financial Officer	1.0	124	17	141	-	-	141
Other management persons reporting to those above (avg. 2004 $100 excluding severance)	17.2	1,486	232	1,718	-	-	1,718
Other management (avg. 2004 $90 excluding severance)	50.7	3,889	651	4,540	-	-	4,540
Regulated nurses not included above (avg. 2004 $69 excluding severance)	401.8	23,498	4,211	27,709	-	-	27,709
Other health technical and professionals (avg. 2004 $63 excluding severance)	185.3	9,810	1,808	11,618	-	-	11,618
Unregulated health service providers (avg. 2004 $36 excluding severance)	299.8	8,993	1,674	10,667	-	-	10,667
Other staff (avg. 2004 $42 excluding severance)	386.0	13,319	2,719	16,038	2	37	16,075
Subtotal - Staff	1,347.8	62,005	11,427	73,432	2	37	73,469
Total		$ 62,136	$ 11,427	$ 73,563		$ 37	$ 73,600

Schedule 2 (continued)

EAST CENTRAL HEALTH

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2004

(1) Full time equivalent (FTE) has been determined as follows:

- (a) For those employees governed by the AUPE Community Health Services collective agreement a FTE is defined as 1,827 hours per annum.
- (b) For those employees governed by the UNA collective agreement, a FTE is defined as 1,921 hours per annum.
- (c) For all other employees a FTE is defined as 2,023 hours per annum.

Total actual discrete number of individuals employed: 2,105.

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, registered retirement savings plan, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, short and long-term disability plans, Canada Pension Plan, employment insurance, workers compensation and tuition.

(4) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

(5) Severance includes:

All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits; and forgiveness of debt; future payments in the amount of $nil on existing contracts between the Authority and the employees for services that no longer will be provided by the employees; continued payment for Authority share of benefits identified in 3 above, that will continue to be paid and outplacement training and counseling, office space and administrative support.

(6) The total amount is reported in Schedule 1.

Schedule 3

EAST CENTRAL HEALTH

SCHEDULE OF DEFERRED CONTRIBUTIONS

FOR THE YEAR ENDING MARCH 31, 2004

	Opening Balance April 1, 2003	Amount received or receivable				Amount recognized as revenue			Closing Balance March 31, 2004
		Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Investments and other	
Current:									
Alberta Health and Wellness:									
Rural on call program	$ 231	$ 1,507	$ -	$ -	$ -	$ (1,499)	$ -		$ 239
Specialists on call program	171	581	-	-	-	(746)	-		6
Telehealth operating grant	32	100	-	-	-	(132)	-		-
Immunization administrative costs	-	149	-	-	-	(17)	-		132
Children's health initiative	84	67	-	-	-	(3)	-		148
Information technology projects	140	-	-	-	-	-	-		140
Early childhood development	277	-	-	-	-	(265)	-		12
System transition	241	-	-	-	-	(241)	-		-
Privacy and security	143	-	-	-	-	(143)	-		-
Other contributors:									
Alberta Infrastructure	1,861	-	2,367	-	365	-	(2,139)		2,454
PARTY Program	-	-		1	-	-	-		1
Alberta Cancer Board:									
Cervical cancer screening program	12	-	15	-	-	-	(22)		5
Community cancer clinic - Lloydminster	-	-	107	-	-	-	(107)		-
Alberta Alcohol and Drug Abuse Commission:									
Fresh Air No Smoke (F.A.N.S.)	-	-	8	-	-	-	-		8
Young adult tobacco reduction program	38	-	200	-	-	-	(156)		82
Alberta Lottery and Gaming Commission	5	-		-	-	-		(5)	-
	3,235	2,404	2,697	1	365	(3,046)	(2,424)	(5)	3,227
Non-current:									
Alberta Seniors:									
Healthy aging partnership initiatives	853	-	-	-	19	-	-		872
	$ 4,088	$ 2,404	$ 2,697	$ 1	$ 384	$ (3,046)	$ (2,424)	(5)	$ 4,099

Schedule 4

EAST CENTRAL HEALTH
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR THE YEAR ENDING MARCH 31, 2004
(thousands of dollars)

	Direct Authority Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full Cost Adjustments	Total Revenue	Facility-based inpatient acute nursing care services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community and home-based services	Diagnostic and therapeutic services	Promotion, prevention and protection services	Administration	Information technology	Support services	Total Expenditures
Voluntary															
St Mary's Hospital, Camrose	$ 18,862	$ -	$ 416	$ -	$ 19,278	$ 7,943	$ 2,433	$ -	$ -	$ 3,141	$ -	$ 820	$ 74	$ 4,867	$ 19,278
The Bethany Group, Camrose	16,353	-	3,590	-	19,943	-	-	10,882	1,351	1,247	-	1,964	-	4,499	19,943
Prairie North Health Region (Lloydminster)	12,977	-	1,790	310	15,077	2,943	928	3,175	1,287	1,715	283	1,026	69	3,651	15,077
Killam General Hospital Corporation	3,909	-	670	-	4,579	927	163	1,370	27	574	-	251	-	1,267	4,579
Lamont Health Centre	7,853	-	1,526	518	9,897	1,613	1,148	2,889	-	1,144	-	515	-	2,588	9,897
Mary Immaculate Health Centre - Mundare	1,660	-	398	-	2,058	-	-	1,042	-	185	-	148	-	683	2,058
St Joseph's Hospital - Vegreville	7,405	-	166	185	7,756	2,363	1,007	-	-	1,905	-	311	13	2,157	7,756
Private															
Laboratory Contracts	2,655	-	-	-	2,655	-	-	-	-	2,655	-	-	-	-	2,655
Extendicare (Canada) Inc.	2,266	159	865	-	3,290	-	-	1,378	-	229	-	388	-	1,295	3,290
St. Michael's HealthCare Services	513	-	-	-	513	-	-	-	513	-	-	-	-	-	513
Eaglehill Foundation (1995) - Myram	227	-	-	-	227	-	-	-	227	-	-	-	-	-	227
Community Mental Health Service Contractors	492	-	-	-	492	-	-	-	492	-	-	-	-	-	492
Lloydminster Public School District	25	-	-	-	25	-	-	-	-	25	-	-	-	-	25
Lloydminster Catholic School Division	7	-	-	-	7	-	-	-	-	7	-	-	-	-	7
Lloydminster Early Intervention Program	73	-	-	-	73	-	-	-	73	-	-	-	-	-	73
Wainwright Association for Community Living	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Lloydminster	5	-	-	-	5	-	-	-	-	-	5	-	-	-	5
Total 2004	$ 75,282	$ 159	$ 9,421	$1,013	$ 85,875	$ 15,789	$ 5,679	$ 20,736	$ 3,970	$ 12,827	$ 288	$ 5,423	$ 156	$ 21,007	$ 85,875
Total 2003					$ 77,888	$ 15,724	$ 3,602	$ 19,450	$ 3,068	$ 12,050	$ 269	$ 4,936	$ 68	$ 18,721	$ 77,888

Capital
#6

Capital Health

Consolidated Financial Statements

March 31, 2004

CAPITAL HEALTH

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2004

Auditor's Report

Management's Responsibility for Financial Reporting

Consolidated and Combined Consolidated Statements of Financial Position

Consolidated and Combined Consolidated Statements of Operations

Consolidated and Combined Consolidated Statements of Changes in Net Assets

Consolidated and Combined Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Schedule of Expenses by Object

Schedule 2 – Consolidated Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Consolidated Schedule of Deferred Operating Contributions

Schedule 4 – Consolidated Schedule of Voluntary and Private Health Service Providers

Schedule 5 – Combined Consolidated Schedule of Costs of Health Outputs

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of Capital Health
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of Capital Health (the Region) as at March 31, 2004 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. I have also audited the supplementary information comprised of

- the combined consolidated statements of financial position, operations, changes in net assets and cash flows of the Region and Caritas Health Group; and
- the combined consolidated schedule of costs of health outputs of the Region and Caritas Health Group

as at and for the year ended March 31, 2004, presented in accordance with the basis disclosed in Note 2 to the consolidated financial statements. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

In my opinion, the combined consolidated financial statements including the combined consolidated schedule of costs of health outputs present fairly in all material respects:

- the combined financial position, combined results of operations, combined changes in net assets and combined cash flows of the Region and Caritas Health Group; and
- the combined costs of health outputs of the Region and Caritas Health Group

as at and for the year ended March 31, 2004 in accordance with the basis of presentation disclosed in Note 2 to the consolidated financial statements.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
June 23, 2004, except as to Note 27,
which is as of June 30, 2004

CAPITAL HEALTH

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED AND COMBINED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2004

The accompanying consolidated and combined consolidated financial statements are the responsibility of management and have been approved by Capital Health. The consolidated and combined consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. Capital Health has established a code of ethics and corporate directives, which require communication of the code to employees.

Capital Health members carry out their responsibility for the consolidated and combined consolidated financial statements through the Audit and Finance Committee. This Committee meets with management, and the Auditor General to discuss and review financial matters, and recommends the consolidated and combined consolidated financial statements to the Capital Health Board for approval. The Auditor General has full and free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the consolidated and combined consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allows him to report on the fairness of the consolidated and combined consolidated financial statements prepared by management.

Sheila Weatherill
President and
Chief Executive Officer

Allaudin Merali

Allaudin Merali
Vice President,
Finance and Administration

June 23, 2004

CAPITAL HEALTH
CONSOLIDATED AND COMBINED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2004
(thousands of dollars)

	Consolidated		Combined Consolidated (Note 2)	
	Capital Health		Capital Health and Caritas Health Group	
	2004	2003 (Restated Note 26)	2004	2003 (Restated Note 26)
ASSETS				
Current assets				
Cash and temporary investments (Note 4)	$ 150,500	$ 161,040	$ [illegible]	$ [illegible]
Accounts receivable				
Contributions receivable	14,165	27,558	14,165	27,556
Other receivables	44,747	46,149	[illegible]	[illegible]
Inventories	10,289	9,218	[illegible]	[illegible]
Prepaid expenses	40,490	42,840	[illegible]	26,432
	260,191	286,805	[illegible]	[illegible]
Contributions receivable	200	300	[illegible]	300
Loans - long-term care partnership projects (Note 5)	28,192	20,020	28,192	20,020
Non-current cash and investments (Note 4)	203,738	194,581	[illegible]	[illegible]
Capital assets (Note 6)	844,934	834,865	[illegible]	[illegible]
TOTAL ASSETS	$ 1,337,255	$ 1,336,571	$ 1,441,171	$ [illegible]
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	$ 153,284	$ 155,917	$ [illegible]	$ [illegible]
Accrued vacation pay	64,825	59,352	[illegible]	[illegible]
Deferred operating contributions (Schedule 3)	84,135	72,256	[illegible]	[illegible]
Current portion of long-term debt (Note 7)	378	782	944	1,512
	302,622	288,307	[illegible]	[illegible]
Non-current liabilities				
Deferred contributions (Schedule 3)	3,054	2,922	3,054	[illegible]
Deferred capital contributions (Note 8)	160,152	151,310	[illegible]	[illegible]
Deferred contributions - long-term care partnership projects (Note 5)	58,312	50,729	58,312	50,729
Long-term debt (Note 7)	8,054	8,424	[illegible]	[illegible]
Life lease deposits (Note 9)	14,492	14,478	14,492	14,478
	244,064	227,863	[illegible]	[illegible]
Unamortized external capital contributions (Note 10)	721,458	710,211	[illegible]	[illegible]
Net assets				
Unrestricted	(43,008)	(1,921)	[illegible]	[illegible]
Internally restricted funds for designated purposes	10,998	10,572	[illegible]	10,572
Accumulated surplus (deficit) (Note 11)	(32,010)	8,651	[illegible]	[illegible]
Investment in capital assets	101,121	101,539	[illegible]	[illegible]
	69,111	110,190	[illegible]	[illegible]
TOTAL LIABILITIES AND NET ASSETS	$ 1,337,255	$ 1,336,571	$ 1,441,171	$ [illegible]

Commitments (Note 12)
The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED AND COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	Consolidated Capital Health 2004 Budget (Note 13)	Consolidated Capital Health 2004 Actual	Consolidated Capital Health 2003 Actual (Restated Note 26)	Combined Consolidated (Note 2) Capital Health and Caritas Health Group 2004 Actual	Combined Consolidated (Note 2) Capital Health and Caritas Health Group 2003 Actual (Restated Note 26)
Revenue:					
Alberta Health and Wellness contributions (Note [illegible])	$ 1,658,382	$ 1,672,222	$ 1,588,885	$ [illegible]	$ [illegible]
Other government contributions (Note [illegible])	29,770	36,884	24,693	[illegible]	[illegible]
Fees and charges (Note [illegible])	126,869	134,630	123,030	[illegible]	[illegible]
Ancillary operations, net (Note [illegible])	5,284	(2,206)	4,727	[illegible]	[illegible]
Research, education, investment and other income (Note [illegible])	64,771	87,698	69,832	[illegible]	[illegible]
Amortization of external capital contributions (Note [illegible])	73,880	56,326	48,787	[illegible]	[illegible]
TOTAL REVENUE	$ 1,958,956	$ 1,985,554	$ 1,859,780	$ [illegible]	$ [illegible]
Expenses (Schedule 1):					
Facility-based inpatient acute care services	$ 568,300	$ 568,364	$ 533,936	$ [illegible]	$ [illegible]
Facility-based emergency and outpatient services	210,003	210,487	186,279	[illegible]	[illegible]
Facility-based continuing care services	196,835	197,476	186,985	[illegible]	[illegible]
Community and home-based services	129,587	131,292	122,413	[illegible]	[illegible]
Diagnostic and therapeutic services	379,882	381,693	347,298	[illegible]	[illegible]
Promotion, prevention and protection services	49,617	49,696	43,842	[illegible]	[illegible]
Research and education	77,787	78,483	68,074	[illegible]	[illegible]
Administration (Note [illegible])	58,392	58,711	49,691	[illegible]	[illegible]
Information technology	56,258	56,599	37,689	[illegible]	[illegible]
Support services (Note [illegible])	274,123	275,298	262,425	[illegible]	[illegible]
Amortization of facilities and improvements	18,723	32,634	28,431	[illegible]	[illegible]
Capital asset write-downs	-	-	646	-	[illegible]
TOTAL EXPENSE	$ 2,019,435	$ 2,026,633	$ 1,865,718	$ [illegible]	$ [illegible]
Deficiency of revenue over expense	$ (60,479)	$ (41,079)	$ (5,938)	$ [illegible]	$ [illegible]

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED AND COMBINED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	Consolidated Capital Health 2004 Accumulated Surplus (Deficit) (Note 11)	Consolidated Capital Health 2004 Investment in Capital Assets	Consolidated Capital Health 2004 Total	Consolidated Capital Health 2003 Total (Restated Note 26)	Caritas Health Group (Note 2) 2004 Unrestricted and Internally Restricted Funds	Caritas Health Group (Note 2) 2004 Investment in Capital Assets	Caritas Health Group (Note 2) 2004 Total	Caritas Health Group (Note 2) 2003 Total
Balance at beginning of year (Restated Note 26)	$ 8,651	$ 101,539	$ 110,190	$ 116,128	$ (484)	$ 7,524	$ 7,040	$ 7,437
Excess (deficiency) of revenue over expense	(41,079)	-	(41,079)	(5,938)	1,058		1,058	(397)
Capital assets purchased with internal funds	(42,420)	42,420	-	-				
Amortization on internally funded assets	43,598	(43,598)	-	-	1,256	(1,256)	-	
Repayment of long-term debt used to fund capital assets	(774)	774	-	-	(1,030)	1,030	-	
Life lease deposits received	14	(14)	-	-				
Balance at end of year - Capital Health	$ (32,010)	$ 101,121	$ 69,111	$ 110,190	$ 760	$ 7,318	$ 8,098	$ 7,040
- Caritas Health Group	760	7,318	8,098	7,040				
Total Capital Health and Caritas Health Group	$ (31,250)	$ 108,439	$ 77,209	$ 117,230				

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH
CONSOLIDATED AND COMBINED CONSOLIDATED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	Consolidated			Combined Consolidated (Note 2)	
	Capital Health			Capital Health and Caritas Health Group	
	2004		2003	2004	2003
	Budget	Actual	Actual (Restated Note 26)	Actual	Actual (Restated Note 26)
Operating activities:					
Deficiency of revenue over expense	$ (60,879)	$ (41,879)	$ (5,918)	$ (40,074)	$ (8,055)
Non-cash transactions:					
Amortization of capital equipment - internally funded	20,000	27,699	18,851	28,112	14,404
Amortization of capital equipment - externally funded	50,445	31,978	22,848	14,617	23,787
Amortization of facilities and improvements	33,855	54,489	29,545	35,531	35,411
Amortization of long-term care partnership non-current loan (Note 5)	1,000	682	559	682	698
Amortization of external capital contributions (Note 10)	(53,500)	(56,352)	(49,447)	(62,483)	(55,451)
Amortization of long-term care partnership deferred contributions (Note 5)	(1,000)	(682)	(559)	(682)	(559)
Write-down of capital assets	-	-	888		888
Net loss on disposal of capital assets	-	5,784	283	5,767	288
Write-down of investments to market value	-	99	1,647	99	1,647
Gain on disposal of investments	-	(1,727)	(82)	(1,825)	(86)
Change in non-cash working capital accounts	2,235	30,793	31,713	45,643	52,994
Cash generated (used) by operations	(28,646)	51,684	50,453	46,826	72,464
Investing activities:					
Purchase of investments	(100,000)	(88,911)	(200,528)	(98,454)	(203,643)
Purchase of capital assets:					
Internally funded	(21,926)	(42,420)	(29,903)	(42,870)	(25,945)
Externally funded (Note 10):					
Equipment	-	(19,765)	(13,490)	(21,200)	(16,620)
Facilities and improvements	(18,500)	(47,854)	(35,860)	(49,902)	(37,374)
Proceeds on sale of investments	100,000	88,173	185,519	90,425	186,585
Proceeds on disposal of capital assets	-	-	2		2
Long-term care partnership projects (Note 5)	(6,000)	(8,854)	(7,407)	(8,854)	(7,407)
Allocations from (to) non-current cash	15,859	(6,791)	(15,838)	(3,600)	(19,836)
Cash used for investing activities	(30,567)	(126,402)	(137,205)	(122,555)	(144,738)
Financing activities:					
Deferred contributions (Schedule 3)	-	2,027	123	(2,938)	3,508
Capital contributions (Note 10)	18,500	82,695	21,296	46,155	30,745
Long-term care partnership projects (Note 5)	-	116	543	116	543
Change in contributions receivable	500	100	94,509	100	94,509
Principal payments on long-term debt	(782)	(774)	(2,143)	(1,044)	(3,700)
Life lease deposits received	1,000	14	1,057	14	1,057
Cash generated from financing activities	19,018	84,178	115,185	44,413	127,154
Increase (decrease) in cash and temporary investments	(40,195)	(10,540)	28,033	3,304	41,960
Cash and temporary investments at beginning of year	161,040	161,040	133,007	262,221	220,221
Cash and temporary investments at end of year	$ 120,845	$ 150,500	$ 161,040	$ 265,525	$ 262,221

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
MARCH 31, 2004

Note 1 Authority, Purpose and Operations

Capital Health was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. Capital Health is exempt from payment of income tax and is a registered charity under the Income Tax Act.

On May 26, 2003 under a Ministerial Order, the Health Authority was named Capital Health. Capital Health is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

Capital Health's geographic boundaries include the cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove and St. Albert; the communities of Devon, Stony Plain, Sherwood Park, Evansburg, Morinville and Redwater; and the counties of Leduc, Parkland, Strathcona, Sturgeon and the eastern part of Yellowhead county. This reflects the new regional boundaries and the assumption of responsibility for certain mental health services.

Capital Health provides a significant amount of services to residents of surrounding northern regions, and for some specialized programs, provides services to all Albertans as well as the western provinces and territories.

Capital Health operations include the following:

a) Acute Care Hospitals, Community Hospitals and Health Centres
  - University of Alberta Hospital
  - Royal Alexandra Hospital
  - Glenrose Rehabilitation Hospital
  - Grey Nuns Community Hospital (operated by the Caritas Health Group)
  - Misericordia Community Hospital (operated by the Caritas Health Group)
  - Sturgeon Community Hospital
  - Leduc Community Hospital
  - Devon General Hospital
  - Alberta Hospital Edmonton
  - Fort Saskatchewan Health Centre
  - Redwater Health Centre
  - Westview Health Centre

Note 1 Authority, Purpose and Operations (continued)

b) Innovative Primary Health Facilities
    Northeast Community Health Centre
    Strathcona Health First

c) Continuing Care Facilities
    Capital Care Group Inc. (wholly owned subsidiary of Capital Health):
        Dickinsfield, Grandview, Norwood, Lynnwood, Mewburn Veterans Centre, Strathcona Care Centre, McConnell Care Centres, Laurier Houses, Family Care Homes and Strathcona Dementia Care Centre
    Aspen House
    Edmonton General Hospital (operated by the Caritas Health Group)
    Private and Voluntary Continuing Care Providers:
        15 providers under contract operating at 30 sites

d) Home Care
e) Public Health Clinics - 21 sites
f) Public Health Speciality Clinics - 5 sites and 5 school health sites
g) Medical Education (interns and residents) - various facilities
h) Research - undertaken at Northern Alberta Clinical Trials Centre and various facilities
i) Laboratory Services - hospital based laboratory services, and services contracted from a private operator
j) Provincial Laboratory at the University of Alberta Hospital site
k) Community Rehabilitation Physiotherapy Clinics at 54 sites under contract and 6 public sites and 8 other contract Rehabilitation providers (audiology, respiratory therapy, etc.)
l) Community Organizations - 110 providers under contract
m) Ancillary Operations - non-patient food services, parking, and other commercial activities

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Schedule 4. However, supplementary information comprising the combined financial statements of Capital Health and Caritas Health Group is provided (see Note 2).

Note 2 Combined Consolidated Financial Statements

In meeting its responsibilities under the Regional Health Authorities Act, Capital Health contracts with the Caritas Health Group to provide certain acute care services as an integral part of Capital Health's operations.

Note 2 Combined Consolidated Financial Statements (continued)

The consolidated financial statements of Capital Health and the audited financial statements of the Caritas Health Group have been combined for the current and prior year and presented as supplementary information, item for item, with the information presented in the consolidated financial statements of Capital Health. Account balances and transactions between Capital Health and the Caritas Health Group have been eliminated. Schedule 5, and the notes thereto, presents information on the combined costs for Capital Health and the Caritas Health Group.

Note 3 Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 21 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements have been prepared on a consolidated basis, except that foundations are not consolidated (see Note 21). The entities consolidated are Capital Health and its wholly owned subsidiary, Capital Care Group Inc.

In addition, Capital Health has a fifty percent interest in the Northern Alberta Clinical Trials Centre joint venture with the University of Alberta. The proportionate consolidation method has been used to include Capital Health's interest in this joint venture.

(2) These consolidated financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable, by definition unrestricted means no designation.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year proportional to the related expenses incurred. Unspent contributions are recorded as deferred contributions.

(a) Basis of Presentation (continued)

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined and goods or services would have otherwise been purchased.

(viii) Revenue from sale of goods and services is recorded in the period that goods are delivered or services are provided.

(b) Full Cost

Capital Health accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of services is recorded. Fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Alberta Health and Wellness designated fees and charges are recorded as fees and charges of Capital Health. An equivalent amount is recorded as contracted health service operator expense of Capital Health.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue. An equivalent amount is recorded as program expenses as these payments represent part of the cost of Capital Health's health programs.

(b) Full Cost (continued)

(iii) The fair value for use of acute care facilities not owned by Capital Health is recorded as revenue from other government contributions or from donations, and as program expense, since contract payments from Capital Health do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by Capital Health and provided to Capital Health at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist Capital Health in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

(i) Pension Obligation

Capital Health and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for Capital Health's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which Capital Health has insufficient information to apply defined benefit accounting.

Pension expense included in these financial statements comprises the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. Capital Health does not record its portion of the pension plan's deficit or surplus.

(ii) Other Future Benefits

Capital Health is obligated to pay out accumulated sick leave credits to certain employees employed prior to April 1, 1975 with five continuous years of permanent service. Those who terminate employment shall be entitled to collect pay in an amount equivalent to twenty-five percent (25%) of any unexpended sick leave credits.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits (continued)

(ii) Other Future Benefits (continued)

Capital Health participates in a Supplementary Unemployment Benefit Plan (SUBP). This is a post-delivery disability benefit for female employees who meet certain qualification criteria. Qualifying employees are entitled to a top-up of their Employment Insurance Maternity benefits to a percentage of their regular earnings and to a cost sharing of SUBP premiums during the post-delivery disability period.

Capital Health fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value. Non-current investments are recorded at cost. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The value after write-down is deemed to be the new cost.

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable and accounts payable approximates their fair value because of the short-term maturities of these items.

The fair values of cash and investments are disclosed in Note 4.

Non-current contributions receivable approximate their fair value.

The carrying value of the life lease deposits repayable over a long term at the original values is not discounted. The fair value of the life lease deposits is not practically determinable.

The carrying value of long-term debt and obligations under capital leases approximates their fair values.

(f) Inventories

Inventories are valued at the lower of cost (defined as weighed average cost) and net realizable value.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings	2.5% - 5%
Parking lots	5% - 10%
Land improvements	10%
Furniture and equipment	5% - 20%
Equipment under capital lease	5% - 20%
Leasehold improvements	Lease term plus one renewal period

Capital projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to Capital Health are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) Trust Funds Received by Capital Health

Capital Health received trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. In addition, Capital Health administers funds received in trust from Alberta Health & Wellness for specific projects. These amounts are not reflected in the financial statements but are disclosed in Note 24.

(i) Measurement Uncertainty

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

Capital Health records amounts to accrue for the impact of unsettled labour contracts. These amounts are estimates of future increases in salaries and benefits payable. Actual results could differ from these estimates.

Note 4 Cash and Investments

	2004		2003	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)		(Restated Note 26)	
Cash	$ 245,019	$ 245,019	$ 256,159	$ 256,159
Money market securities	1,881	1,895	6,148	6,148
Bonds	74,466	78,505	63,558	64,926
Equities	32,872	40,562	29,756	29,607
Total	$ 354,238	$ 365,981	$ 355,621	$ 356,840
Classified as:				
Current	$ 150,500		$ 161,040	
Non-current	203,738		194,581	
	$ 354,238		$ 355,621	

(a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to the terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established an asset mix policy of 0% to 100% for fixed-income instruments and 0% to 35% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities maturity dates range from September 2005 to June 2033. Bond yields to maturity range from 2.57% to 5.12 % as at March 31, 2004. (March 31, 2003 – 2.5% to 5.3%). The weighted average term to maturity is 8 years.

Fixed-income securities, such as bonds, have an average effective yield of 1.5 % per annum based on the market for securities maturing within a year, 2.6 % per annum for securities maturing between 1 and 3 years, 3.5 % per annum for securities maturing between 3 and 5 years, 4.1 % per annum for securities maturing between 5 and 7 years, 4.7 % per annum for securities maturing between 7 and 10 years and 4.8 % per annum for securities maturing over 10 years.

Note 4 Cash and Investments (continued)

(b) (continued)

As at March 31, 2004 the securities have the following term structure based on market.

	%
Under 1 Year	2.6
1 to 5 years	38.5
5 to 10 years	45.6
Over 10 years	13.3
	100.0

The carrying value of certain investments is in excess of fair market value at March 31, 2004. Capital Health's management has reduced the carrying value of equities by an amount which they have determined to be the decline in value that is other than temporary.

In circumstances where the decline in carrying value of equities is other than temporary (normally over a three or four year period), the carrying value would be written down to fair market value. In management's best judgement, based on a thorough review with both its investment advisors and Capital Health's Board, the balance of the decline in carrying value of equities is deemed to be temporary.

(c) Equities comprise publicly traded equities in Canadian and United States resident corporations. Risk is reduced by prudent security selection and sector rotation.

(d) Non-current cash and investments held relate to the following:

	2004	2003
	(thousands of dollars)	(Restated Note 26)
Funds committed for long-term care partnership projects (Note 5)	$ 50,312	$ 50,729
Non-current loan - long-term care partnership projects	(28,192)	(20,020)
Contributions externally restricted for operating purposes	3,054	2,922
Contributions externally restricted for capital purposes (Note 8)	168,152	151,310
Contributions receivable	(208)	(300)
Internally restricted funds (Note 11)	10,998	10,572
Current portion of long-term debt (Note 7)	(378)	(782)
Other		150
	$ 203,738	$ 194,581

Note 5 Long-term Care Partnership Projects

Capital Health has received $52,990,000 (2003 $52,841,000) in total from Alberta Infrastructure for the purpose of providing facility-based continuing care to the region's residents. In addition, the accumulated net interest earned on these funds is $746,000 (2003 $630,000). Of these funds, $2,183,000 was used by Capital Care Group to construct the Strathcona Care Centre, and was accounted for as deferred capital contributions. The remainder of these funds are recorded as deferred contributions – long-term care partnership projects.

Capital Health uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. The Provincial Government supports partnerships between Capital Health and private, public or voluntary organizations by providing a one-time, up-front capital grant to Capital Health. Capital Health in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Capital Health does not accrue interest on the loan as Capital Health will forgive the balance of the loan following the expiry of the initial thirty years of use and any extension arrangement (not to exceed ten years). During the year, Capital Health advanced $8,854,000 (2003 $7,107,000) for the construcion of new facilities.

During the year, Capital Health amortized $682,000 (2003 $559,000) of loans - long-term care partnership projects to facility-based continuing care services and recognized an equal amount of revenue as other government contributions through the amortization of deferred contributions - long term-care partnership projects.

Note 6 Capital Assets

	Cost				Accumulated Amortization				
Capital Asset	Opening Balance 01-Apr-03	Additions	Disposals	Closing Balance 31-Mar-04	Opening Balance 01-Apr-03	Current year amortization	Amortization on Disposals	Closing Balance 31-Mar-04	Net Book Value
	(Restated Note 26)				(Restated Note 26)				
Buildings	$ 949,460	$ 18,346	$ (6,152)	$ 961,654	$ 313,426	$ 25,701	$ (739)	$ 338,388	$ 623,266
Parking lots	36,341	-	-	36,341	14,802	9,489	-	24,291	12,050
Land and improvements	11,952	1,313	-	13,265	3,179	418	-	3,597	9,668
Furniture and equipment	384,751	43,805	(31,998)	396,558	261,643	57,733	(31,627)	287,749	108,809
Equipment under capital lease	9,532	-	-	9,532	9,473	59	-	9,532	-
Leasehold improvements	10,419	365	-	10,784	4,452	618	-	5,070	5,714
Projects in progress	39,385	37,638	-	77,023	-	-	-	-	77,023
Intangible asset - leases	-	8,552	-	8,552	-	148	-	148	8,404
	$ 1,441,840	$ 110,019	$ (38,150)	$ 1,513,709	$ 606,975	$ 94,166	$ (32,366)	$ 668,775	$ 844,934

Projects in progress include the Royal Alexandra Hospital redevelopment, University of Alberta Hospital operating rooms, other major capital upgrades and information technology projects under development.

(a) Land

Land at the following sites has been leased to Capital Health at nominal values:

Site	Leased From	Lease Period
Royal Alexandra Hospital	City of Edmonton	In negotiation
Glenrose Rehabilitation Hospital	Province of Alberta	Expires 2038
Mewburn Veterans Centre	Alberta Cancer Board	Expires 2008
Laurier Houses	Alberta Infrastructure	Expires 2056
McConnell Place North	City of Edmonton	Expires 2035
McConnell Place West	Alberta Infrastructure	Expires 2056

(b) Capital assets have been funded from the following sources:

	2004	2003
	(thousands of dollars)	(Restated Note 26)
Externally funded (unamortized external capital contributions) (Note 10)	$ 721,458	$ 710,211
Internally funded (investment in capital assets)	101,121	101,539
Financed through:		
Long-term debt (Note 7)	8,432	9,206
Life lease deposits (Note 9)	14,492	14,478
Other	(569)	(569)
	$ 844,934	$ 834,865

Note 7 Long-term Debt

	2004	2003
	(thousands of dollars)	(Restated Note 26)
Loans	$ -	$ 423
Debentures	8,432	8,783
	8,432	9,206
Less: current portion	378	782
Long-term portion	$ 8,054	$ 8,424

	Loans and Debentures
Future principal payments:	
For the year ending March 31	
2005	$ 378
2006	391
2007	413
2008	437
2009	460
thereafter	6,353
	$ 8,432

At March 31, 2004, Capital Health had committed to borrowing $19,000,000 from Alberta Capital Finance Authority for a term of 25 years at an interest rate of 4.96%.

Loan and debenture maturities and rates are as follows:

	Maturity Date	Rate	Amount 2004	Amount 2003
			(thousands of dollars)	(Restated Note 26)
Alberta Capital Finance Authority (1)	October 1, 2018	5.75%	$ 8,432	$ 8,783
Pacific & Western Trust Corporation	April 26, 2003	5.88%	-	423
			$ 8,432	$ 9,206

(1) The parkade at University of Alberta Hospital is pledged as collateral security for the Alberta Capital Finance Authority debenture.

Note 8 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 3(a)(2).

	2004	2003
	(thousands of dollars)	(Restated Note 26)
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 21,698	$ 1,553
Restricted other government contributions	48,958	1,749
Interest on externally restricted contributions	271	178
Donations restricted for capital purposes	7,512	10,437
Other	4,256	7,379
	82,695	21,296
Transferred from deferred contributions - long-term care partnership projects	-	5
Transferred from deferred operating contributions	1,746	-
Transferred to unamortized external capital contributions (Note 10)	(67,599)	(49,350)
Change during the year	16,842	(28,049)
Balance at beginning of year	151,310	179,359
Balance at end of year	$ 168,152	$ 151,310

Balance at the end of the year is restricted for equipment, construction projects, facility upgrades and information technology projects.

Note 9 Life Lease Deposits

Funding for the Laurier Houses – Strathcona, a project for long-term care residents, is provided by the tenants with a non-interest bearing repayable deposit, for a right to occupy the unit they are leasing. When the life lease agreement is terminated, which may be by death of the tenant or the tenant moving out, the life lease deposit is returned to the tenant without interest and in accordance with the terms of the life lease agreement.

Note 10 Unamortized External Capital Contributions

The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2004	2003
	(thousands of dollars)	(Restated Note 26)
Balance at beginning of year	$ 710,211	$ 710,308
Add amounts transferred from deferred capital contributions (Note 8)	67,599	49,350
Less amounts recognized as revenue:		
Ancillary operations (Note 17)	(26)	(660)
Amortization of external capital contributions	(56,326)	(48,737)
Writedown of externally funded facilities	-	(50)
Balance at end of year	$ 721,458	$ 710,211

Note 11 Accumulated Surplus (Deficit)

Capital Health's accumulated surplus (deficit) comprises the following:

	2004	2003
	(thousands of dollars)	(Restated Note 26)
Unrestricted assets	(43,000)	(1,921)
Internally restricted funds:		
Amounts appropriated for capital commitments	6,484	4,189
Debt repayment	378	782
Other	4,128	5,601
Balance at end of year	$ (32,010)	$ 8,651

Note 12 Commitments

Capital Health is committed to operating lease payments in future years as follows:

For the year ending March 31,	(thousands of dollars)
2005	2,267
2006	2,041
2007	1,594
2008	1,071
2009	378
and thereafter	673
	$ 8,024

The leases expire at various dates from 2004 to 2010.

Capital Health has outstanding commitments for capital equipment purchases of $8,140,000, commitments for information technology projects of $2,687,000, and capital project commitments of $139,573,000.

In addition, Capital Health contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Schedule 4). Capital Health has contracted for services in the year ending March 31, 2005 similar to those provided by these operators in 2004.

Note 13 Budget

	Approved Budget(1)	Adjustments(2)	Adjusted Budget
	(thousands of dollars)		
Revenue			
Alberta Health and Wellness contributions	$ 1,658,382	$ -	$ 1,658,382
Other government contributions	16,970	12,800	29,770
Fees and charges	118,569	8,300	126,869
Ancillary operations, net	5,284	-	5,284
Research, education, investment and other income	123,051	(38,300)	84,751
Amortization of external capital contributions	43,500	10,000	53,500
	1,965,756	(7,200)	1,958,556
Expense			
Facility-based inpatient acute services	590,100	(21,800)	568,300
Facility-based emergency and outpatient services	198,001	12,800	210,801
Facility-based continuing care services	199,825	(2,900)	196,925
Community and home based services	125,887	3,700	129,587
Diagnostic and therapeutic services	383,652	(3,700)	379,952
Promotion, prevention and protection services	28,017	21,600	49,617
Research and education	72,657	5,100	77,757
Administration	45,692	4,700	50,392
Information technology	40,258	10,000	50,258
Support services	273,823	300	274,123
Amortization of facilities and improvements	28,723	3,000	31,723
	1,986,635	32,800	2,019,435
Excess of expense over revenue	$ (20,879)	$ (40,000)	$ (60,879)

(1) The Capital Health Board approved the budget on June 25, 2003.

(2) Adjustments to the revenue budget relate to the expected revenues that did not materialize and to increases in full cost adjustments between 2002/03 and 2003/04. Adjustments to the expenses budget relate to service pressures in Emergency and Diagnostic Services, particularly MRI and CT exams, and the offsetting of the full cost revenue budget increases. In addition, other reallocations between revenue and expense categories were made to more closely reflect operations for 2003/04.

Note 14 Alberta Health and Wellness Contributions

	2004	2003
	(thousands of dollars)	(Restated Note 26)
Unrestricted funding	$ 1,585,269	$ 1,501,445
Unrestricted contributions made directly by Alberta Health and Wellness to contracted health service operators (Schedule 4)	1,019	2,915
	1,586,288	1,504,360
Transfers from deferred contributions (Schedule 3)	85,934	84,445
	$ 1,672,222	$ 1,588,805

Note 15 Other Government Contributions

	2004	2003
	(thousands of dollars)	(Restated Note 26)
Alberta Infrastructure	$ 596	$ 1,009
Alberta Mental Health Board Forensic Psychiatry	17,039	-
Alberta Mental Health Board	1,718	5,533
School health initiatives	5,083	5,560
Federal government projects	11	46
Community Lottery Boards	28	139
AADAC smoking cessation	91	18
Fair value of rent less rent charges for non-acute care facilities used by the Capital Health (Schedule 4)	9,482	9,958
Fair value of use of non-owned acute care facilities (Schedule 4)	1,190	825
Amortization of long-term care partnership deferred contribution (Note 5)	682	559
Other	964	956
	$ 36,884	$ 24,603

Note 16 Fees and Charges

	Inpatient/Resident		Outpatient	
	2003/04	2002/03	2003/04	2002/03
	(thousands of dollars)	(Restated Note 26)	(thousands of dollars)	(Restated Note 26)
Acute Care				
Out-of-province	$ 40,555	$ 42,076	$ 3,974	$ 5,867
Out-of-country base amount	474	672	77	100
Out-of country surcharge	595	782	97	125
WCB standard charges	8,470	9,283	5,369	3,152
Federal	1,398	1,007	692	392
Uninsured medical services	539	357	58	190
Preferred accommodation	1,908	1,161	-	-
Continuing care standard ward	1,981	464	-	-
Continuing care semi-private	63	-	-	-
Continuing care private	7	-	-	-
	55,990	55,802	10,267	9,826
Continuing Care				
Continuing care standard ward	1,511	1,680	-	-
Continuing care semi-private	39,173	32,397	-	-
Continuing care private	24,531	19,915	-	-
Day programs	265	184	-	-
WCB standard charges	58	-	-	-
	65,538	54,176	-	-
Public Health	-	25	96	470
Other	2,739	2,731	-	-
Total	$ 124,267	$ 112,734	$ 10,363	$ 10,296
Inpatient/Resident	124,267	112,734		
Outpatient	10,363	10,296		
	$ 134,630	$ 123,030		

Note 17 Ancillary Operations

	2004				2003
	(thousands of dollars)				(Restated Note 26)
	Non-Patient Food Services Operations	Other Operations	Parking Operations	Total	Total
Revenue:					
Revenue	$ 10,978	$ 20,834	$ 8,400	$ 40,212	$ 35,149
Amortization of external capital contributions	9	17	-	26	660
	10,987	20,851	8,400	40,238	35,809
Expense:					
Other expenses	10,792	18,760	3,373	32,925	29,093
Amortization of capital assets	9	17	9,493	9,519	1,993
	10,801	18,777	12,866	42,444	31,086
Excess (deficiency) of revenue over direct expense 2003-04	$ 186	$ 2,074	$ (4,466)	$ (2,206)	$ 4,723
Excess of revenue over direct expense 2002-03	$ 120	$ 963	$ 3,640	$ 4,723	

Note 18 Research, Education, Investment and Other Income

	2004	2003
	(thousands of dollars)	(Restated Note 26)
Investment income	$ 15,798	$ 11,337
Funds received for research and education purposes (Schedule 3)	34,787	29,888
Other contributions (Schedule 3)	18,265	14,296
Northern Alberta Clinical Trials Centre	208	205
Sales and recoveries	18,640	14,106
	$ 87,698	$ 69,832

Investment income comprises interest, dividends, amortization of discount and premiums, net gains and losses on disposal of investments and write-downs of investments to market value.

Note 19 Administration

	2004	2003
	(thousands of dollars)	(Restated Note 26)
General administration	$ 15,827	$ 18,115
Insurance	3,196	2,256
Financial services	10,735	9,043
Human resources	12,107	10,903
Administration - contract operators (Schedule 4)	8,846	7,750
Restructuring costs	-	1,624
	$ 50,711	$ 49,691
Expenses before amortization of related capital assets	$ 50,529	$ 49,509
Amortization of related capital assets	182	182
	$ 50,711	$ 49,691

Note 20 Support Services

	2004	2003
	(thousands of dollars)	(Restated Note 26)
Clinical engineering	$ 6,103	$ 5,844
Building maintenance, operations, security and utility	66,349	56,220
Communications	4,497	4,182
Education	2,515	3,493
Housekeeping	24,695	22,076
Materials management	24,454	21,220
Patient food services	28,147	26,854
Patient registration and health records	16,051	16,633
Patient transportation	11,028	9,829
Support services - contract operators (Schedule 4)	90,303	93,427
Other services	1,156	2,647
	$ 275,298	$ 262,425
Expenses before amortization of related capital assets	$ 271,697	$ 258,189
Amortization of related capital assets	3,601	4,236
	$ 275,298	$ 262,425

Note 21 Related Parties

(a) Provincial Government

Capital Health is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the Board members. Capital Health is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between Capital Health and the Province are disclosed in the Consolidated Statement of Operations, Schedule 3, and notes 8, 14 and 15 to the consolidated financial statements.

(b) Health Authorities

Capital Health shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between Capital Health and other Health Authorities are reported in the consolidated financial statements.

(c) Foundations

Capital Health has an economic interest in the following foundations:

	Contributions Received		Resources Held by Foundations		
			2004		
	2004	2003	Endowments & Externally Restricted	Internally Restricted	Unrestricted
	(thousands of dollars)				
University Hospital Foundation	$ 5,354	$ 6,154	$ 5,542	$ 6,347	$ 20,791
Royal Alexandra Hospital Foundation	1,093	1,476			
Stollery Children's Hospital Foundation	2,508	1,747	1,351	1,074	412
Capital Care Foundation	835	1,064	711	565	123
Black Gold Health Foundation	244	229	197	83	30
Glenrose Foundation	1,063	758	1,107	178	432
Sturgeon Community Hospital Foundation		285	419		639
Council of Foundations	348	714	–	1,166	–
Alberta Hospital Edmonton Foundation		17	22	748	71
Tri Community Health & Wellness Foundation (Stony Plain)	221	51	42	36	24
Devon Hospital Foundation			6	16	210
	$ 12,571	$ 12,400	$ 9,397	$ 12,633	$ 23,218

(i) Contributions comprise externally restricted amounts for equipment, programs, research and education.

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Note 21 Related Parties (continued)

(c) Foundations (continued)

Amounts related to administrative support provided to foundations and the accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	2004	2003	2004	2003
	(thousands of dollars)			
University Hospital Foundation	$ –	$ –	$ (412)	$ (132)
Royal Alexandra Hospital Foundation				
Stollery Children's Hospital Foundation			(1,614)	(837)
Capital Care Foundation	144	181		
Black Gold Health Foundation	15	55	(20)	
Glenrose Foundation	150	150		13
Sturgeon Community Hospital Foundation	–	–	(13)	(9)
Council of Foundations	7	7		
Alberta Hospital Education Foundation				
Tri Community Health & Wellness Foundation (Stony Plain)			(23)	
Devon Hospital Foundation	–	1	(5)	
	$ 316	$ 374	$ (2,087)	$ (965)

(d) Other Voluntary Organizations

Capital Health has an economic interest in the following organizations affiliated with the hospitals:

	Contributions Received		Resources Held by Organizations		
			2004		
	2004	2003	Endowments & Externally Restricted	Internally Restricted	Unrestricted
	(thousands of dollars)				
The Friends of University Hospitals	$ 317	$ 350	$ 100	$ –	$ 716
Royal Alexandra Hospital Women's Auxiliary	135	135			
Sturgeon Healthcare Auxiliary Volunteer Association	50	60			
Glenrose Rehabilitation Hospital Women's Auxiliary					
Stony Plain and District Health Centre Auxiliary					
	$ [illegible]	$ [illegible]	$ 100	$ –	$ 716

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Note 22 Province Wide Services

Included in Alberta Health and Wellness contributions is funding to provide a specific range of complex, high technology, high cost services (classified as Province Wide Services). These services are only provided by Capital Health and Calgary Health regions and are available to all Albertans. Funding and cost information for Capital Health, included in revenues and expenditures, are as follows:

	2004				2003			
	(thousands of dollars)							
			Variance				Variance	
	Funding	Costs[2]	$	%	Funding[1]	Costs	$	%
Inpatient[3]	$ 117,817	$ 123,971	$ (6,154)	(5.2)	$ 109,603	$ 114,908	$ (5,305)	(4.8)
Clinics and home services[4]	64,780	66,602	(1,822)	(4.3)	60,943	60,652	290	0.5
High cost drugs and devices[5]	24,247	26,190	(1,943)	(8.0)	19,563	20,098	(535)	(2.7)
Tertiary services				0.0	21,311	28,602	(7,291)	(34.2)
Unallocated Funding				0.0	3,477		3,477	100.0
	$ 207,844	$ 216,763	$ (8,919)	(4.3)	$ 213,893	$ 223,838	$ (10,245)	(4.8)

(1) Funding provided by Alberta Health and Wellness does not include amortization of related external capital contributions.

(2) Costs for inpatient, and clinics and home services include direct costs, allocation of overhead and amortization of equipment. Cost for out-of-province patients are excluded.

(3) Inpatient services consist of organ and bone marrow transplants, most heart surgeries, high end trauma and burn cases, selected neurosurgery procedures, neuromodulation, neonatology and selected oncology procedures. Inpatient costs were based on the costing methodology adopted by Alberta Health and Wellness Costing Partnership Project. They are average case cost for in province cases for the year. Patient activity is based on patient discharge date.

(4) Clinics and home services represent actual costs for programs such as renal and peritoneal dialysis services, dialysis prevention program, pre and post transplant services, islet cell transplantation, home enteral nutrition therapy, medical genetics testing, COMPRI, visudyne therapy, pediatric transport, HIV Clinic, 1-800-AIDS Hotline, STD/TB clinics and Visudyne Therapy.

(5) High cost drugs represent actual costs for transplantation drugs, HIV drugs and other pre-established high cost drugs. Drug distribution costs are included. High cost devices represent actual costs for cranioplasty, implantable defibrillators and cochlear implants.

(6) Tertiary services compensate for the additional indirect costs relating to teaching and research hospitals. It formed part of the Province Wide Services funding prior to 2003/04. This year, tertiary service funding has been transferred to global funding.

(7) No one-time unallocated funding for 2003/04.

Note 23 Surgical Services Contracts

Capital Health has entered into contracts with accredited surgical facilities pursuant to the Health Care Protection Act to provide health services. Information of the facilities, contract values and payments is as follows:

		Term of Contract		Total Value	Total Expense	
Entity	Service	Start Date	End Date	of Contract	2004	2003
				(thousands of dollars)		
Barry Lycka	Dermatology	01-Apr-03	31-Mar-04	$ 43	$ 43	$ –
Don Groot Professional Corporation	Dermatology	01-Apr-03	31-Mar-04	230	220	241
Alberta Eye Institute, Inc.	Ophthalmology	01-Apr-03	31-Mar-04	251	214	261
Banks Eye Centre and Surgical Suite	Ophthalmology	01-Apr-03	31-Mar-04	17	6	13
Coronation Day Surgery Centre	Ophthalmology	01-Apr-03	31-Mar-04	96	33	40
David B. Chaurasia Professional Corporation	Ophthalmology	01-Apr-03	31-Mar-04	233	233	234
Dr. Earle (H.) Johnson Assoc.	Ophthalmology	01-Apr-03	31-Mar-04	28	32	–
Gimbel Eye Centre - Edmonton, Inc.	Ophthalmology	01-Apr-03	31-Mar-04	315	203	290
Royce L.C. Johnson Professional Corporation	Ophthalmology	01-Apr-03	31-Mar-04	117	107	147
Surgical Centres Inc.	Ophthalmology	01-Apr-03	31-Mar-04	35		24
Harold Andrew Paul Grace Professional Corporation	Oral Surgery	01-Apr-03	31-Mar-04	106	104	92
E. Christopher Robinson Professional Corporation	Oral Surgery	01-Apr-03	31-Mar-04	60	46	80
L. Wayne Innes Professional Corporation	Oral Surgery	01-Apr-03	31-Mar-04	58	49	40
Kevin L. Lung Professional Corporation	Oral Surgery	01-Apr-03	31-Mar-04	114	114	103
Randall W. Kresic Professional Corporation	Oral Surgery	01-Apr-03	31-Mar-04	24	23	38
Terence K. Vaskla Professional Corporation	Oral Surgery	01-Apr-03	31-Mar-04	35	23	35
Thomas R. Nickerson Professional Corporation	Oral Surgery	01-Apr-03	31-Mar-04	58	54	86
Walter Dobrowolsky Professional Corporation	Oral Surgery	01-Apr-03	31-Mar-04	104	103	90
Coronation Day Surgery Centre	Otolaryngology	01-Apr-03	31-Mar-04	86	69	89
Surgical Centres Inc.	Otolaryngology	01-Apr-03	31-Mar-04	86	–	–
Coronation Day Surgery Centre	Plastic Surgery	01-Apr-03	31-Mar-04	14	8	9
Plastic & Cosmetic Laser Surgical Centre	Plastic Surgery	01-Apr-03	31-Mar-04	314	300	236
Surgical Centres Inc.	Plastic Surgery	01-Oct-00	30-Sep-03	–	–	59
Royal H. Leonard "Morgentaler" Clinic	Reproductive Health	01-Apr-03	31-Mar-04	1,319	1,320	1,130
				$ 3,423	$ 3,206	$ 3,270

Note 24 Trust Funds

Capital Health receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year Capital Health received $3,368,000 (2003 $ 1,636,000) and disbursed $3,321,000 (2003 $ 2,450,000) for capital and facility repairs for non-owned facilities. The balance of funds held by Capital Health is $3,627,000 (2003 $3,580,000).

During the year Capital Health received from Alberta Health and Wellness $425,000 for Provincial Laboratory Prenatal HIV, Hepatitis B and Rubella funding, $160,000 for the Western Canadian Cardiac Heart Network, $95,000 for Complex Invasive Therapies, and $140,000 for West Nile Virus Organ & Tissue Testing. The balance of funds held by Capital Health for these projects at the end of 2003/04 was $122,000 for the Western Canadian Cardiac Heart Network and $140,000 for West Nile Virus Organ & Tissue Testing. $448,000 remained of the funding for Hep C genotyping. The entire funding for Provincial Laboratory Prenatal HIV, Hepatitis B and Rubella funding and Complex Invasive Therapies have been expended.

Note 25 Pension Costs

Capital Health participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to Capital Health's annual contributions payable of $68,034,000 for the year ended March 31, 2004 (2003 $50,242,000).

At December 31, 2003 the Local Authorities Pension Plan reported a deficit of $1,410,987,000 (2002 deficit of $444,980,000).

Note 26 Comparative Figures

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities would be reduced from seventeen to nine, effective April 1, 2003. The assets, liabilities and net assets of Aspen, Lakeland and Westview Health Authorities have been assumed in part by the Aspen Health Authority, Capital Health and the East Central Health Authority at carrying value.

In addition, on April 1, 2003 Alberta Hospital Edmonton as well as all mental health clinics and mental health programs within the newly expanded area served by Capital Health were transferred to the Region. Assets and liabilities of the mental health services have been assumed at carrying value.

Note 26 Comparative Figures (continued)

Comparative figures have been restated to include the boundary and mental health service amounts as summarized in the tables below:

	Consolidated			
	Capital Health			
	2003	Boundaries	Mental Health	Restated 2003
	(thousands of dollars)			
STATEMENT OF FINANCIAL POSITION				
Assets				
Current assets	$ 274,404	$ 4,113	$ 8,288	$ 286,805
Non-current assets	982,560	44,576	22,630	1,049,766
Total Assets	$ 1,256,964	$ 48,689	$ 30,918	$ 1,336,571
Liabilities and Net Assets				
Current liabilities	$ 273,835	$ 8,182	$ 6,290	$ 288,307
Non current liabilities	222,802	5,061		227,863
Unamortized external capital contributions	654,550	36,460	19,201	710,211
Net assets				
Accumulated surplus (deficit)	10,572	(3,919)	1,998	8,651
Investment in capital assets	95,205	2,905	3,429	101,539
Total Liabilities and Net Assets	$ 1,256,964	$ 48,689	$ 30,918	$ 1,336,571
STATEMENT OF OPERATIONS				
Revenue	$ 1,710,666	$ 68,330	$ 80,784	$ 1,859,780
Expenses	1,716,184	69,384	80,150	1,865,718
Excess (deficiency) of revenue over expense	$ (5,518)	$ (1,054)	$ 634	$ (5,938)
STATEMENT OF CASH FLOWS				
Cash generated (used) by operations	$ 49,680	$ (364)	$ 737	$ 50,053
Cash used for investing activities	(135,507)	(1,582)	(116)	(137,205)
Cash generated from financing activities	114,928	257		115,185
Increase in current cash and temporary investments	29,101	(1,689)	621	28,033
Current cash and temporary investments at beginning of year	122,763	2,916	7,328	133,007
Current cash and temporary investments at end of year	$ 151,864	$ 1,227	$ 7,949	$ 161,040

Note 26 Comparative Figures (continued)

Certain March 31, 2003 figures on the Consolidated Statement of Operations have been restated to conform to current year's presentation. The associated notes have also been restated.

Combined Consolidated Statements:

In addition to the above, certain March 31, 2003 figures on the Combined Consolidated Statement of Operations have been restated to conform to the current year's presentation.

Note 27 Operating Deficit

Capital Health incurred an operating deficit for the year ended March 31, 2004. Section 2.9(2) of the Regional Health Authorities Amendment Regulation (A.R.127/2002) prohibits Capital Health from incurring an operating deficit and if a deficit is incurred, requires a deficit elimination plan to be filed with the Minister of Health and Wellness.

On June 30, 2004, the Minister of Health and Wellness advised Capital Health that it will receive additional funding in the 2004/05 fiscal year to eliminate their accumulated deficit as reported in the March 31, 2004 audited financial statements. As a result of this additional funding, a deficit elimination plan will not be required.

Note 28 Approval of Financial Statements

These financial statements have been approved by the Capital Health Board.

Schedule 1

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	2004		2003
	Budget	Actual	Actual (Restated Note 26)
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 972,819	$ 974,170	$ 885,002
Contracts with health service operators (Schedule 4)	540,053	540,164	504,055
Contracts under the Health Care Protection Act (Note 23)	3,768	3,270	3,220
Drugs, gases, medical and surgical supplies	152,461	150,352	138,384
Medical, consulting and other professional services	112,510	116,974	111,514
Interest on long term debt	682	497	584
Other[1]	185,587	183,700	181,955
Amortization:			
Capital equipment - internally funded	20,000	27,699	18,851
Capital equipment - externally funded	30,445	31,978	22,848
Facilities and improvements	33,055	34,489	29,543
Net loss on disposal of capital assets	-	5,784	253
Capital asset write down-equipment	-	-	595
	2,051,380	2,069,077	1,896,804
Less amounts reported in ancillary operations (Note 17)	(31,945)	(42,444)	(31,086)
	$ 2,019,435	$ 2,026,633	$ 1,865,718

[1] Significant amounts under "Other" include

Office, general supplies and miscellaneous	$ 27,283	$ 35,177
Diagnostic & therapeutic supplies	22,262	20,742
Plant operations	29,484	24,269
Refered-out services	12,662	13,173
Equipment maintenance	14,831	12,213
Food supplies	14,829	14,389
Equipment (minor, construction, rental, and building/ground maintenance)	14,714	11,550

Schedule 2

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	2004[1]						
					Severance		
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Sub-total	Number of Individuals	Amount	Total
Board Compensation							
Chairperson							
Wilkinson, Neil	1	$ 82	-	$ 82	-	-	$ 82
Board Members							
Members at March 31, 2004							
Bell, Dean	1	4	-	4	-	-	4
Blumenthal, Leonard	1	20	-	20	-	-	20
Burch, Bill	1	14	-	14	-	-	14
Butti, Olivia	1	16	-	16	-	-	16
Dennett, Jack	1	11	-	11	-	-	11
Kinsella, Wendy	1	13	-	13	-	-	13
Plain, Margaret	1	14	-	14	-	-	14
Polowick, Karen M.	1	17	-	17	-	-	17
Ramsey, John C.	1	7	-	7	-	-	7
Sewell, George	1	10	-	10	-	-	10
Wade, Margaret	1	10	-	10	-	-	10
Warring, Molly	1	15	-	15	-	-	15
Total honoraria	13	$ 233	-	$ 233	-	-	$ 233

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(1) Information reported relates to 2003/04. Comparative information is not available due to changes in regional boundaries and transfer of mental health services effective April 1, 2003.

Schedule 2 (continued)

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	2004[1]						
					Severance		
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Sub-total	Number of Individuals	Amount	Total
Staff							
President & CEO	1.00	$ 441	$ 51	$ 492	-	-	$ 492
Management persons reporting to the CEO:							
Vice Presidents, Operating Officers and Others							
Senior Vice President	1.00	285	29	314	-	-	314
Academic Affairs	1.00	176	-	176	-	-	176
Chief Liaison Officer	1.00	141	15	156	-	-	156
Chief Planning Officer	1.00	163	22	185	-	-	185
Community Care, Rehab & Mental Health	1.00	176	30	206	-	-	206
Finance & Administration	1.00	299	37	336	-	-	336
Government Affairs	1.00	108	16	124	-	-	124
Human Resources	1.00	219	17	236	-	-	236
Medical Affairs	1.00	336	17	353	-	-	353
Public Affairs	1.00	173	22	195	-	-	195
Regional Support Services & Community	1.00	194	22	216	-	-	216
Royal Alexandra Hospital/Diagnostic & Equipment Services	1.00	210	22	232	-	-	232
Stollery & University of Alberta Hospitals	1.00	224	27	251	-	-	251

[1] Information reported relates to 2003/04. Comparative information is not available due to changes in regional boundaries and transfer of mental health services effective April 1, 2003.

CAPITAL HEALTH

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	2004[1]						
					Severance		
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Sub-total	Number of Individuals	Amount	Total
Other management person(s) reporting to those above (avg. 2004 $112 excluding severance)	106	$ 10,318	$ 1,555	$ 11,873	4	$ 319	$ 12,192
Other management person(s) reporting to those above (avg. 2004 $85 excluding severance)	658	48,235	7,427	55,662	13	354	56,016
Medical doctors not included above (avg. 2004 $179 excluding severance)	31	5,126	420	5,546	-	-	5,546
Regulated nurses not included above (avg. 2004 $81 excluding severance)	5,153	354,385	63,927	418,312	2	30	418,342
Other health technical and professionals (avg. 2004 $75 excluding severance)	2,359	148,486	28,342	176,828	13	260	177,088
Unregulated health service providers (avg. 2004 $41 excluding severance)	1,251	43,176	7,873	51,049	-	-	51,049
Other frontline staff (avg. 2004 $45 excluding severance)	5,507	212,084	37,694	249,778	29	454	250,232
Capital Health Total	15,092	$ 825,188	$ 147,565	$ 972,753	61	$ 1,417	$ 974,170
Caritas Health Group Total	2,915	$ 155,750	$ 27,614	$ 183,364	10	$ 454	$ 183,818
Total Capital Health and Caritas Health Group	18,007	$ 980,938	$ 175,179	$ 1,156,117	71	$ 1,871	$ 1,157,988

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[1] Information reported relates to 2003/04. Comparative information is not available due to changes in regional boundaries and transfer of mental health services effective April 1, 2003.

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE FOR THE YEAR ENDED MARCH 31, 2004

1. Full time equivalent (FTE) is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year of 2,023 hours, except for named individuals.

   Total actual discrete number of individuals employed were 23,612 (28, 662 including Caritas).

2. Salaries include regular base pay, overtime, lumpsum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, Employment Insurance, workers compensation, car benefits and tuition. The President & CEO is also provided with an automobile allowance, which is not included in amounts reported.

4. Severance expenses include amounts paid in lieu of notice and certain other severance related costs. Numbers of staff reported under the severance category are the discrete numbers of people receiving severance.

5. The average salary and benefits amounts exclude severance payments.

Schedule 3

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF DEFERRED OPERATING CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

		Amounts received or receivable			Amounts recognized as revenue				
	Opening Balance April 1, 2003	Alberta Health and Wellness	Other government contributions	Investments and other	Alberta Health and Wellness	Other government contributions	Investments and other	Net transfers	Closing Balance March 31, 2004
Alberta Health and Wellness:									
Unrestricted	$ -	$ 1,586,288	$ -	$ -	$ (1,586,288)	$ -	$ -	$ -	$ -
Restricted									
Medical Education/Academic Health	8,344	38,249	-	-	(34,519)	-	-	-	12,074
Specialists on call	1,475	21,056	-	-	(18,503)	-	-	-	4,028
Young Family Wellness	2,803	2,048	-	-	(2,418)	-	-	-	2,433
Health Link	-	10,314	-	-	(8,754)	-	-	-	1,560
Provincial Lab - Operations	104	10,962	-	-	(10,498)	-	-	-	568
Provincial Lab - Hep C Fund	-	1,433	-	-	-	-	-	-	1,433
Information Systems Transition Grants	2,362	-	-	-	-	-	-	-	2,362
Information Systems Security Grants	1,349	-	-	-	-	-	-	-	1,349
Organ & Tissue Centre	1,026	-	-	-	(781)	-	-	-	245
West Nile	2,000	-	-	-	(1,040)	-	-	-	960
Meningitis vaccine administration	-	352	-	-	(73)	-	-	-	279
Pneumococcal vaccine administration	-	470	-	-	(61)	-	-	-	409
Varicella vaccine administration	-	514	-	-	137	-	-	-	651
Other	6,982	5,096	-	-	(9,424)	-	-	-	2,654
Sub-total	26,445	90,494	-	-	(85,934)	-	-	-	31,005
Other government contributions	3,118	-	23,563	-	-	(23,969)	-	-	2,712
Research and education	32,958	-	-	32,759	-	-	(34,787)	-	30,930
Other contributions	9,735	-	-	29,913	-	-	(18,265)	(1,895)	19,488
Total 2003/04	$ 72,256	$ 1,676,782	$ 23,563	$ 62,672	$ (1,672,222)	$ (23,969)	$ (53,052)	$ (1,895)	$ 84,135

	2004	2003
Unspent amounts at year end are as follows:		
Current	$ 84,135	$ 72,256
Non-current - Other	3,054	2,922
Total	$ 87,189	$ 75,178

Schedule 4

CAPITAL HEALTH
CONSOLIDATED SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDES
FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

Voluntary and private facility name	Direct Region Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full cost adjustments	Total Revenue	Facility-based inpatient acute services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community and home based services	Diagnostic and therapeutic services	Promotion prevention and protection services	Research and education	Administration	Support services	Total Expenditures
Allen Gray Auxillary Hospital	$ 5,745	$ 11	$ 1,994	$ 138	$ 7,888	$ -	$ -	$ 5,159	$ -	$ 686	$ -	$ -	$ -	$ 2,043	$ 7,888
St. Joseph's Auxiliary Hospital	9,530	-	2,929	-	12,459	-	-	7,982	254	1,062	-	-	-	3,161	12,459
Extendicare Canada Inc.	9,174	-	3,863	-	13,037	-	-	8,526	-	1,134	-	-	-	3,377	13,037
Hardisty Nursing Home	4,958	-	2,462	-	7,420	-	-	4,852	-	646	-	-	-	1,922	7,420
Youville Nursing Home	5,751	66	2,267	-	8,084	-	-	5,287	-	703	-	-	-	2,094	8,084
Shepherd's Care Foundation #814	5,193	-	2,102	-	7,295	-	-	4,770	-	635	-	-	-	1,890	7,295
Shepherd's Care Foundation #610	1,679	-	573	-	2,252	-	-	1,473	-	196	-	-	-	583	2,252
Venta Nursing Home	2,729	244	1,216	-	4,189	-	-	2,740	-	364	-	-	-	1,085	4,189
Good Samaritan Society	36,402	-	11,225	-	47,627	-	-	27,205	6,030	3,619	-	-	-	10,773	47,627
St. Michael's Long Term Care Centre	6,056	-	2,185	-	8,241	-	-	5,390	-	717	-	-	-	2,134	8,241
Central Park Lodges #421	4,058	-	1,841	-	5,899	-	-	3,108	1,147	413	-	-	-	1,231	5,899
Central Park Lodges #465	3,236	-	1,376	-	4,612	-	-	3,016	-	401	-	-	-	1,195	4,612
Sherwood Park Care Centre	3,519	-	1,437	-	4,956	-	-	3,241	-	431	-	-	-	1,284	4,956
Jubilee Lodge Nursing Home	5,151	392	2,185	-	7,728	-	-	5,054	-	672	-	-	-	2,002	7,728
Salem Manor	3,423	56	1,488	-	4,967	-	-	3,248	-	432	-	-	-	1,287	4,967
Caritas Health Group	212,258	-	14,131	10,326	236,715	95,678	28,863	12,958	-	39,649	229	2,256	8,846	50,236	236,715
Qualicare Health Services Corp.	1,438	-	-	-	1,438			940		125	-	-	-	372	1,438
Rivercrest Care Centre	3,264	250	1,228	-	4,742			3,101		413	-	-	-	1,228	4,742
Summit Care Corp. Ltd. Devonshire Care Centre	4,781	-	1,437	-	6,218	-	-	3,989	118	531	-	-	-	1,580	6,218
Designated Assisted Living providers	2,147	-	-	-	2,147	-	-	1,404	-	187	-	-	-	556	2,147
Greater Edmonton Foundation	525	-	309	208	1,042	-	-	681	-	91	-	-	-	270	1,042
Personal care homes	8,189	-	-	-	8,189	-	-	-	8,189	-	-	-	-	-	8,189
Homecare providers	39,513	-	-	-	39,513	-	-	-	39,513	-	-	-	-	-	39,513
Physiotherapy providers	9,470	-	-	-	9,470	-	-	-	-	9,470	-	-	-	-	9,470
Mental health providers	7,701	-	-	-	7,701	-	-	-	7,701	-	-	-	-	-	7,701
Non-hospital surgical facilities	4,439	-	-	-	4,439	-	4,439	-	-	-	-	-	-	-	4,439
Other community services	71,896	-	-	-	71,896	-	-	-	3,638	68,258	-	-	-	-	71,896
Total 2003/04	$ 472,225	$ 1,019	$ 56,248	$ 10,672	$ 540,164	$ 95,678	$ 33,302	$ 114,124	$ 66,590	$ 130,836	$ 229	$ 2,256	$ 8,846	$ 90,303	$ 540,164
Total 2002/03	$ 445,023	$ 2,915	$ 45,334	$ 10,783	$ 504,055	$ 90,913	$ 24,617	$ 116,976	$ 48,861	$ 119,451	$ 324	$ 1,736	$ 7,750	$ 93,427	$ 504,055

Schedule 5

CAPITAL HEALTH
COMBINED CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS
FOR YEAR ENDED MARCH 31, 2004

	2004			2003		
	Activity Measure	Average Cost	Total Cost	Activity Measure	Average Cost	Total Cost
			(thousands of dollars)			
Acute Care						
Inpatient	Cases			Cases		
Cardiac Sciences	6,955	$ 12,699	88,319	6,607	$ 11,954	$ 78,978
Child Health	11,129	9,755	108,567	10,793	9,416	101,629
Family Health	4,707	7,028	33,080	4,739	6,422	30,433
Geriatrics	1,044	23,354	24,381	1,043	23,366	24,371
Medicine	13,080	10,539	137,855	12,129	10,015	121,477
Mental Health	3,434	10,257	35,223	3,663	10,249	37,541
Neurosciences	3,044	13,611	41,432	2,923	12,275	35,880
Ophthalmology	1,465	2,165	3,172	1,415	1,858	2,630
Palliative	325	15,903	5,169	360	14,782	5,322
Rehabilitation	1,021	22,638	23,113	1,115	22,055	24,591
Renal	575	14,170	8,147	665	13,504	8,980
Surgery	27,008	7,340	198,240	25,485	6,968	177,575
Transplants	232	59,599	13,827	257	70,707	18,172
Women's Health	30,731	1,985	61,007	29,990	1,944	58,314
Other	76	3,010	230	76	10,987	835
Inpatient cases (Note b(i))	104,826	$ 7,458	**$ 781,762**	101,260	$ 7,177	**$ 726,728**
	Days			Days		
Cost per patient day	759,134	1,030	**781,762**	727,454	999	**726,728**
Outpatient services	Visits			Visits		
Emergency	360,663	$ 256	92,394	365,363	$ 252	91,896
Day procedures	79,934	882	70,494	82,453	841	69,362
Clinic visits	1,537,142	139	213,167	1,442,908	132	190,526
Other:						
Home peritoneal dialysis supplies (therapy days)	49,692	59	2,953	48,830	55	2,671
Pediatric transport (trips)	170	4,812	818	171	5,018	858
Telehealth (participants)	29,066	18	536	24,709	17	421
Total outpatient services			**$ 380,362**			**$ 355,734**
Total inpatient and outpatient acute care expenses			**$ 1,162,124**			**$ 1,082,462**
Other acute care expenses (Note b(ii))						
Outpatient drugs			23,900			21,894
Provincial Laboratory			19,166			18,409
Other costs (organ retrieval costs, neuromodulation brain injury services, etc.)			13,470			11,474
Work in progress (Note b(iii))			3,379			8,207
Total acute care expenses			**$ 1,222,039**			**$ 1,142,446**

Schedule 5 (continued)

CAPITAL HEALTH
COMBINED CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS
FOR YEAR ENDED MARCH 31, 2004

	2004			2003		
Program	Activity Measure	Average Cost	Total Cost (thousands of dollars)	Activity Measure	Average Cost	Total Cost (thousands of dollars)
Community Health and Co:'inuing Care (Note b(iv))						
Community Rehabilitation	Visits			Visits		
Physiotherapy	225,583	$ 37	$ 8,262	220,934	$ 34	$ 7,621
Speech and language pathology	157,562	51	7,958	160,637	46	7,436
Audiology	2,019	80	161	2,633	64	169
Respiratory Therapy	3,404	152	516	2,961	156	463
Other services (aides to daily living, neurodevelopment and occupational therapy)	-	-	3,421	-	-	5,180
Total Community Rehabilitation	388,568	$ 52	$ 20,318	387,165	$ 54	$ 20,869
	Hours			Hours		
Home care	2,617,824	$ 30	$ 79,699	2,503,386	$ 29	$ 72,996
Continuing Care Services	Client Days			Client Days		
Continuing care facilities	1,608,007	$ 172	$ 276,036	1,577,696	$ 156	$ 246,612
Day programs	163,528	71	11,617	157,418	73	11,512
Palliative care	20,597	336	6,922	20,597	307	6,319
Personal care homes/assisted living	217,702	74	16,041	169,231	80	13,455
Subacute care	48,585	259	12,577	46,456	245	11,367
Total continuing care services	2,058,419	$ 157	$ 323,193	1,971,398	$ 147	$ 289,265
Prevention, protection, promotion and other related services	Visits			Visits		
Birth control	8,545	$ 95	811	8,997	$ 95	852
Health link (calls)	537,979	20	10,493	357,776	19	6,681
Healthy beginnings (cases)	11,986	534	6,400	10,351	588	6,087
Immunizations	316,297	32	10,022	275,221	35	9,707
Environmental health inspections	72,173	63	4,564	69,513	59	4,112
Sexually transmitted diseases services	16,988	93	1,585	15,984	89	1,415
Traveller's clinic	15,817	86	1,357	19,421	84	1,625
TB Services	5,987	155	929	6,247	136	851
Preventative Dental Services	42,861	40	1,711	43,212	37	1,583
Other prevention, protection, promotion	n/a		16,089	n/a		14,326
Total prevention, protection, promotion services			$ 53,961			$ 47,239
	Procedures			Procedures		
Community diagnostic services	9,979,947	$ 7	66,236	8,577,508	$ 6	52,966
Total community health and continuing care expenses			$ 543,407			$ 483,335

SUMMARY

	2004	2003
Total acute care expenses	$ 1,222,039	$ 1,142,446
Total community health and continuing care expenses	543,407	483,335
Research and education	78,634	68,296
Amortization of facilities and improvements	36,472	28,819
Sub-total expenses per Combined Consolidated Statement of Operations	$ 1,880,552	$ 1,722,896
New Boundary & Mental Health (Note c)	$ 162,780	$ 149,534
Total expenses per Combined Consolidated Statement of Operations	$ 2,043,332	$ 1,872,430

Schedule 5 (continued)

CAPITAL HEALTH
NOTES TO THE COMBINED CONSOLIDATED SCHEDULE OF HEALTH OUTPUTS
MARCH 31, 2004

Note a) Introduction

The Capital Health has prepared Schedule 5 "Combined Consolidated Schedule of Health Outputs" to classify the combined expenses of Capital Health and the Caritas Health Group by program and calculate an output unit cost where the expenses can be allocated to patient-specific activities. The information in the schedule was generated by Capital Health's costing system from its regional corporate database, in accordance with a methodology that meets the recommendations of Alberta Health & Wellness for patient-specific costing. Direct and indirect costs of all clinical services, including staffing, supplies and drugs, are allocated to specific patients based on utilization.

Certain March 31, 2003 figures have been reclassified to conform to the March 31, 2004 presentation.

Inpatient Services are grouped under programs. Programs align to standard service codes provided by the Canadian Institute for Health Information (CIHI) with the exception of Child Health Services (which is based on patient age) and Transplants (which is based on procedures performed).

Clinic Visits have been restated to remove visit counts for services provided where the patient or significant other was not in attendance (i.e. indirect care).

Community Speech and Language Pathology has been restated to exclude School Health Initiative costs not directly related to Speech and Language Pathology (reported in Other Community Rehabilitation).

Client Days has been restated for Continuing Care Facilities, and Health Link Calls has been restated to include AADAC calls.

The activity measure for Healthy Beginnings has been changed to cases (number of newborns), rather than visits. Newborns and their families often have more than one visit or contact in the first few weeks following discharge from hospital.

The activity measure for Environmental Health has been restated to include requests for service, in addition to the number of environmental health inspections previously reported, as this is more representative of total activity for the service.

Comparative costs of health outputs are presented for Respiratory Therapy, Neurodevelopment, TB Services, and Preventative Dental.

Capital Health plans to continue to expand the utilization of its costing system to be able to provide and allocate additional patient-specific costs in future years.

The information on costs of health outputs has been prepared as described in the following notes.

Note b) Basis of Presentation

(i) Patient Specific Acute Care Expenses

Inpatient Services comprise inpatient cases based on separations during the period (discharges and deaths).

Supplementary information is provided on the cost per day. Both costs and days are based on the full length of stay of patients who were discharged or died during the fiscal year.

Outpatient Services costs are measured by outpatient visits during the periods.

Outpatient visits comprise persons who receive one or more services at a healthcare facility without being admitted as an inpatient. The number of visits consists of the number of patients that registered for emergency, day surgery or clinic visits during the year. Clinic visits counts are based on the Alberta Health & Wellness ambulatory care visit definition.

- Emergency - patients registered as emergency cases.
- Day procedures - patients attending distinct day surgery and day procedure locations.
- Clinic visits - all other outpatient, clinic, diagnostic and therapeutic services visits.
- Home Peritoneal Dialysis Supplies reflect supplies consumed in the home and are not associated with specific inpatient or outpatient cases in the costing system.
- Pediatric Transport is the pre-hospitalization transport of children by ground or air utilizing a specialized team of respiratory therapy, nursing and medical staff.
- Telehealth – technical and infrastructure costs are associated with comparative output measures on the number of clinical, educational, administrative and other participants at teleconference sessions. Clinical costs are included in Clinics.
- Average cost per case/visit includes costs that are directly associated with the provision of the services such as staffing, supply and drug as well as indirect and overhead costs but not amortization of the cost of physical facilities.

Note b) Basis of Presentation (continued)

(ii) Other Acute Care Expenses

Other acute care expenses also include the following instances where costs are not associated with an inpatient case or outpatient hospital visit, or where patient-specific costing has not been implemented.

- Outpatient Drugs, includes high cost drugs consumed by patients, not associated with a specific inpatient or outpatient case (e.g. post-transplant, HIV), as well as other pharmacy expenses;
- Provincial Laboratory – services not associated with an inpatient or outpatient case such as environmental water testing;
- Other Costs include organ retrieval, neuromodulation supplies, external grants for brain injury services, and other non-allocated costs.

(iii) Work in Progress

Work in Progress reflects the costs of services provided for inpatients not yet discharged. It includes inpatient case costs incurred in the prior year, to enable reconciliation to financial statements.

(iv) Community Health and Continuing Care – Activity Measures

Community Rehabilitation Visits reflect the number of contacts for physiotherapy, speech and language pathology, audiology and respiratory therapy assessment or intervention funded by the Capital Health and Caritas Health Group's community rehabilitation programs.

Home Care Services Hours reflect the number of hours of home care service provided by home care agencies, the operators of residences, Capital Health's professional staff, and home care service recipients themselves (i.e. self-managed care).

Continuing Care Client Days reflects the number of days of service for continuing care recipients. For continuing care clients in personal care homes and continuing care facilities, including sub-acute and palliative care, client days usually represent 24-hour periods. For day programs where clients attend for a number of hours in a day, one client day is counted for each day, regardless of the number of hours of care.

Prevention, Protection, Promotion and Other Related Services Visits reflects contacts for specific community health services. For Birth Control, this represents the number of clinic visits for birth control counselling. For Health Link, this represents the number of telephone calls for health advice. For Healthy Beginnings, this represents the number of newborn infants and their families, receiving home visits and other services for the first few weeks following discharge from hospital. For Immunization, this represents the number of vaccinations or inoculations provided. For Environmental Health, this represents visits to premises for licensing, inspection and response to complaints.

Schedule 5 (continued)

Note b) Basis of Presentation (continued)

(iv) Community Health and Continuing Care – Activity Measures (continued)

For STD Services, this represents visits to the specialized sexually transmitted diseases health service. For Traveller's Clinic this represents visits for advice and health services related to foreign travel. For TB Services, this represents contacts with the specialized tuberculosis team. For Preventative Dental, this represents visits for preventative dental education and treatment.

Community Diagnostic Services Procedures reflect clinical laboratory tests not associated with hospital inpatient or outpatient visits (e.g. laboratory tests ordered by community physicians).

Note c) New Boundary & Mental Health

New Boundary and Mental Health includes the cost of acute care, community care and continuing care services and facilities transferred to Capital Health in 2003/04 from the Alberta Mental Health Board, and the Lakeland, Aspen and Westview regional health authorities.

Aspen
#7

Aspen Regional Health Authority

Financial Statements
March 31, 2004

ASPEN REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2004

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Schedule of Deferred Contributions

Schedule 4 – Schedule of Voluntary and Private Health Service Providers

ASPEN REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2004

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, PricewaterhouseCoopers LLP, to review financial matters, and recommends the financial statements to the Aspen Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, PricewaterhouseCoopers LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Robert B. Cable
President and Chief Executive Officer

Shelly Pusch
Shelly Pusch
Vice President Corporate Services

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
Suite 1501, TD Tower
10088 - 102 Avenue
Edmonton, Alberta
Canada T5J 3N5
Telephone +1 (780) 441 6700
Facsimile +1 (780) 441 6776

June 18, 2004

Auditors' Report

To the Members of
Aspen Regional Health Authority and the Minister of Alberta Health and Wellness

We have audited the statement of financial position of Aspen Regional Health Authority (the "Authority") as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
March 31, 2004
(thousands of dollars)

	2004 Actual	2003 Actual (unaudited restated)
ASSETS		
Current:		
Cash and temporary investments (Note 3)	23,477	17,115
Accounts receivable	5,853	5,429
Contributions receivable from Alberta Health and Wellness	2,115	3,328
Inventories	1,489	1,509
Prepaid expenses	864	739
	33,798	28,120
Non-current cash and investments (Note 3)	14,450	11,869
Capital assets (Note 4)	127,971	129,606
Other assets (Note 5)	2,629	2,712
TOTAL ASSETS	$ 178,848	$ 172,307
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	16,912	15,177
Accrued vacation pay	8,463	7,653
Deferred contributions (Schedule 3)	7,272	6,363
	32,647	29,193
Deferred contributions (Schedule 3)	2,629	2,712
Deferred capital contributions (Note 6)	5,599	630
Unamortized external capital contributions (Note 7)	117,153	118,855
	158,028	151,390
Net assets:		
Accumulated surplus (Note 8)	10,002	10,166
Investment in capital assets	10,818	10,751
	20,820	20,917
TOTAL LIABILITIES AND NET ASSETS	$ 178,848	$ 172,307

The accompanying notes and schedules are part of these financial statements.

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ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
March 31, 2004
(thousands of dollars)

	2004 Budget (Note 10)	2004 Actual	2003 Actual (unaudited restated)
Revenue:			
Alberta Health and Wellness contributions (Note 11)	174,585	174,585	169,527
Other government contributions (Note 12)	3,333	3,677	6,814
Fees and charges (Note 13)	16,923	17,521	15,064
Ancillary operations, net (Note 14)	62	191	(21)
Donations	400	262	539
Investment and other income (Note 15)	4,008	4,708	4,880
Amortized external capital contributions (Note 7)	7,694	7,273	8,369
TOTAL REVENUE	207,005	208,217	205,172
Expenses (Schedule 1):			
Facility-based inpatient acute nursing care services	32,420	31,443	31,046
Facility-based emergency and outpatient services	16,562	17,276	15,610
Facility-based continuing care services	30,027	28,263	27,984
Community and home-based services	23,307	22,286	24,319
Diagnostic and therapeutic services	37,183	36,122	34,740
Promotion, prevention and protection services	9,751	8,421	11,821
Research and education	-	-	9
Administration (Note 16)	7,891	8,279	10,761
Information technology	2,919	1,903	2,326
Support services (Note 17)	47,761	49,080	49,344
Amortization of facilities and improvements	5,850	5,239	5,627
Capital assets write down (Note 18)	-	-	1,914
TOTAL EXPENSES	213,671	208,314	215,501
Deficiency of revenue over expense	$ (6,666)	$ (97)	$ (10,329)

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ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2004
(thousands of dollars)

	2004				2003
	Operating				(unaudited restated)
	Unrestricted	Internally Restricted (Note 8)	Invested in Capital Assets	Total Operating	Total
Deficiency of revenue over expense	(97)			(97)	(10,329)
Capital assets purchased with internal funds	(2,072)		2,072	-	-
Amortization on internally funded capital assets	2,005		(2,005)	-	-
Capital assets purchased with donated funds	-			-	(83)
Net change	$ (164)	$ -	$ 67	$ (97)	$ (10,412)
Balance at beginning of year	1,680	8,486	10,751	20,917	31,329
Balance at end of year	$ 1,516	$ 8,486	$ 10,818	$ 20,820	$ 20,917

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ASPEN REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
March 31, 2004
(thousands of dollars)

	2004		2003
	Budget	Actual	Actual (unaudited restated)
Cash generated from (used by):			
Operating activities			
Deficiency of revenue over expense	(6,066)	(97)	(10,329)
Non-cash transactions			
Amortization of capital equipment - internally funded	2,383	1,894	2,102
- externally funded	1,794	2,147	1,981
- ancillary operations	-	4	3
Amortization of facilities and improvements - internally funded	-	98	45
- externally funded	5,018	5,126	5,178
- ancillary operations	-	32	58
Amortized external capital contributions (Note 7)	(7,712)	(7,273)	(8,368)
- ancillary operations (Note 7)	-	(36)	(61)
Amortization of advances under long term care partnerships	-	83	41
Amortized long term care partnership contributions	-	(83)	(41)
Loss on disposal of capital equipment - internally funded	-	13	54
- externally funded	-	-	22
Loss on disposal of facilities - externally funded	-	-	134
Loss (gain) on disposal of investments	-	(755)	198
Write down of capital assets	-	-	1,752
Write down of facilities & improvements - internally funded	-	-	190
Write down of investments	-	-	556
Transferred (from) to deferred contributions	-	1,444	(429)
Change in non-cash working capital account	3,278	4,138	(3,114)
Cash generated from (used) by operations	(1,003)	6,735	(10,228)
Investing activities			
Purchase of investments	(12,000)	(22,776)	(12,092)
Purchase of capital assets - internally funded equipment	-	(2,041)	(1,442)
- internally funded facilities & improvements	-	(250)	(145)
- internally funded long term care partnerships	-	-	(41)
- externally funded equipment (Note 7)	(4,411)	(2,994)	(2,581)
- externally funded facilities & improvements (Note 7)	(531)	(2,613)	(420)
Net change in non current cash and investments	-	-	7,424
Proceeds on sale of investments	12,000	23,342	11,667
Proceeds on sale of capital assets	-	259	47
Advances under long term care partnership agreements	-	-	(1,531)
Allocations from (to) non-current cash	-	(2,387)	6,415
Cash used by investing activities	(4,942)	(9,504)	3,439
Financing activities			
Capital contributions received	4,390	9,131	852
Capital contributions reallocated from operating activities	-	-	25
Long term care partnership contributions received	-	-	116
Principal payments on long-term debt	-	-	(22)
Change in non current receivable	-	-	278
Cash generated by financing activities	4,390	9,131	1,049
Increase (decrease) in cash and temporary investments	(1,554)	6,362	(5,740)
Cash and temporary investments, beginning of year	11,921	17,115	22,855
Cash and temporary investments, end of year	$ 10,367	$ 23,477	$ 17,115

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ASPEN REGIONAL HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004
(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Aspen Regional Health Authority (the "Authority") was established June 24, 1994 under authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

- Athabasca Healthcare Centre
- Barrhead Healthcare Centre
- Boyle Healthcare Centre
- Cold Lake Health Centre
- Dr. W.R. Keir Care Centre
- Edson and District Healthcare Center
- Elk Point Health Centre
- George McDougall Health Centre
- Glendon Community Clinic
- Hinton General Hospital
- Mayerthorpe Healthcare Centre
- Our Lady's Community Clinic
- Radway Continuing Care Centre
- Seton General Hospital
- Slave Lake Health Complex
- Smoky Lake Nursing Home
- St. Therese Health Centre
- Swan Hills Healthcare Centre
- Wabasca Desmarais General Hospital
- Westlock Healthcare Centre
- Westlock Long Term Care Centre
- Whitecourt Healthcare Centre
- William J. Cadzow Health Centre
- Aspen Community Health Services Sites
- Aspen Mental Health Sites
- Aspen Corporate and Administrative Offices

The financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except as disclosed in Notes 9, 19(d) and Schedule 4.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 21 issued by Alberta Health and Wellness. Following are the significant accounting policies.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there was an other-than-temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying value of accounts and contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the moving average method.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	8-20 years
Buildings	15-45 years
Building service equipment	10-20 years
Equipment	3-20 years

Construction projects in progress are not amortized until the project is complete.

(h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

(i) Trust Funds received by the Authority for Non-owned facilities

The Authority receives trust funds from Alberta Infrastructure to pay operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in the statements but disclosed in Note 20.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(j) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Investments

	2004	2003 (unaudited restated)
Cash	22,995	15,523
Guaranteed investment certificates	95	1,209
Bonds	10,296	8,143
Equities	4,541	4,109
Total current & non-current cash and investments	$ 37,927	$ 28,984
Classified as:		
Current	23,477	17,115
Non current	14,450	11,869
Total cash and investments	$ 37,927	$ 28,984

(i) Guaranteed investment certificates maturing on June 17, 2004 are guaranteed by the Canada Deposit Insurance Corporation and bear interest at 2.0% paid annually.

(ii) To optimize returns at an acceptable risk level, management has established a policy asset mix such that no more than 40% of the portfolio will be in equities. Risk is reduced through diversification within and among asset classes, and quality constraints on fixed-income and equity instruments.

Note 3 Cash and Investments (continued)

(iii) Fixed-income securities, such as bonds, have an average effective yield of 6.5% per annum based on the market for securities maturing in a year, and 6.0% per annum for securities maturing between one and twenty-nine years. As at March 31, 2004, the securities have the following maturity structure:

	%
Under 1 year	4%
1 to 5 years	41%
5 to 10 years	18%
Over 10 years	37%

(iv) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector distribution.

Non-current cash and investments represent the following:

Externally restricted for capital acquisitions	5,599	430
Internally restricted for capital acquisitions	8,486	8,486
Unrestricted non-current investments	365	2,953
	$ 14,450	$ 11,869

Note 4 Capital Assets

	Cost				Accumulated Amortization					
Capital Asset	Opening Balance 1-Apr-03 (unaudited restated)	Additions	Disposals	Closing Balance 31-Mar-04	Opening Balance 1-Apr-03 (unaudited restated)	Current Year Amort	Amort on Disposals	Closing Balance 31-Mar-04	Net Book Value 2004	Net Book Value 2003 (unaudited restated)
Land	2,545	-	(13)	$ 2,532	-	-	-	$ -	$ 2,532	$ 2,545
Land improvements	5,337	84	-	$ 5,421	3,478	264	-	$ 3,742	$ 1,679	$ 1,859
Buildings	190,746	733	(219)	$ 191,260	82,656	4,740	-	$ 87,396	$ 103,864	$ 108,090
Building service equipment	11,679	234	-	$ 11,913	9,333	252	-	$ 9,585	$ 2,328	$ 2,346
Equipment	49,302	5,035	(48)	$ 54,289	35,157	4,045	(48)	$ 39,154	$ 15,135	$ 14,145
Construction in progress	621	1,812	-	$ 2,433	-	-	-	$ -	$ 2,433	$ 621
	$ 260,230	$ 7,898	$ (280)	$ 267,848	$ 130,624	$ 9,301	$ (48)	$ 139,877	$ 127,971	$ 129,606

Note 4 Capital Assets (continued)

Capital assets were funded from the following sources:

	2004	2003 (unaudited restated)
Externally funded	117,153	118,855
Internally funded	10,818	10,751
	$ 127,971	$ 129,606

Note 5 Other Assets

	2004	2003 (unaudited restated)
Advances under long-term care partnership agreements	2,712	2,753
Amortized during the year	(83)	(41)
Balance, end of year	$ 2,629	$ 2,712

Funds received from Alberta Infrastructure for the purpose of providing facility based continuing care to the region's residents are recorded as non-current deferred contributions. Advances made to private health service contract operators for the construction of continuing care facilities in the region are recorded as a non-current advance.

The Authority uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds as per Alberta Health and Wellness guidelines for accounting for long-term care partnerships. The provincial government supports partnerships between the Authority and private organizations by providing a one-time, up-front capital grant to the Authority. The Authority in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. Under the terms of this agreement, the Authority provides the private operator with an amortizable advance secured on the construction costs of the facility. This advance is to be amortized over 40 years, which is equivalent to the term of the partnership agreement plus a renewable option period. The Authority does not accrue interest on the loan as the Authority will forgive the balance of the loan following the expiry of the term of the agreement.

Note 6 Deferred Capital Contributions

	2004	2003 (unaudited restated)
Amounts received:		
Restricted Alberta Health and Wellness contributions	1,890	222
Restricted other government contributions	7,241	58
Donations restricted for capital purposes	-	455
	9,131	735
Transferred (to) from:		
Unamortized external capital contributions (Note 7)	(5,607)	(2,809)
Deferred contributions	1,445	(404)
Change during the year	4,969	(2,478)
Balance, beginning of year	630	3,108
Balance, end of year	$ 5,599	$ 630

Balance at the end of the year is restricted for the following purposes:

	2004	2003
Equipment replacement	360	15
Betterment of capital assets	407	541
New construction	4,832	74
	$ 5,599	$ 630

Note 7 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2(a)(ii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2004	2003 (unaudited restated)
Balance, beginning of year	118,855	124,475
Transfers from deferred capital contributions (Note 6)	5,607	2,809
Less amounts recognized as revenue:		
Amortization of external capital contributions:		
- Equipment	(2,147)	(2,009)
- Facilities & improvements	(5,126)	(6,339)
- Ancillary operations equipment	(4)	(3)
- Ancillary operations facilities & improvements	(32)	(58)
- Writedown of externally funded facilities and equipment	-	(19)
- Writedown of externally funded equipment	-	(1)
	(7,309)	(8,429)
Balance, end of year	$ 117,153	$ 118,855

Note 8 Accumulated Surplus

The Authority's accumulated surplus comprises the following:

	2004	2003 (unaudited restated)
Unrestricted net assets	1,516	1,680
Internally restricted net assets		
Future equipment replacement	8,486	8,486
	$ 10,002	$ 10,166

Note 9 Commitments and Contingencies

The Authority has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Authority. In accordance with standard provincial requirements, the Authority maintains adequate liability insurance coverage. Any costs in excess of the Authority's liability insurance on settlement would be recorded as an expense of the period of settlement.

The Authority is committed to operating lease payments in future years as follows:

2005	264
2006	240
2007	49
2008	38
2009 and thereafter	37
	$ 628

The leases expire at various dates from 2004 to 2008.

The Authority contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Note 19(d)). The Authority has contracted for services in the year ending March 31, 2005 similar to those provided by these operators in 2004.

Note 10 Budget

	2003/04 Approved Budget (1)	Additional Funding (2)	Adjustments (3)	2003/04 Reported Budget
Revenue				
Alberta Health and Wellness contributions	172,000	2,585	-	174,585
Other government contributions	3,333	-	-	3,333
Fees and charges	16,923	-	-	16,923
Ancillary operations, net	62	-	-	62
Donations	400	-	-	400
Investment and other income	4,008	-	-	4,008
Amortized external capital contributions	7,694	-	-	7,694
	204,420	2,585	-	207,005
Expenses				
Facility-based inpatient acute nursing care services	32,280	973	(833)	32,420
Facility-based emergency and outpatient services	15,475	17	1,070	16,562
Facility-based continuing care services	30,027	-	-	30,027
Community and home-based services	23,519	-	(212)	23,307
Diagnostic and therapeutic services	37,183	-	-	37,183
Promotion, prevention and protection services	9,521	568	(338)	9,751
Research and education	-	-	-	-
Administration	7,705	-	186	7,891
Information technology	2,605	238	76	2,919
Support services	46,921	789	51	47,761
Amortization of facilities and improvements	5,850	-	-	5,850
Capital assets write down	-	-	-	-
	211,086	2,585	-	213,671
Deficiency of revenue over expense	$ (6,666)	$ -	$ -	$ (6,666)

(1) The budget was approved by the Board of the Authority on June 26, 2003, and submitted to the Minister of Health and Wellness for approval.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations.

(3) The budget was adjusted for reallocations between expense categories related to updated information from transferred-in areas.

Note 11 Alberta Health and Wellness Contributions

	2004	2003 (unaudited restated)
Unrestricted contributions	168,992	164,132
Transfers from deferred contributions (Schedule 3)	4,941	4,744
AH&W payments to contract operators		
Legacy Mortgage Assistance Program for nursing home upgrades	652	651
	$ 174,585	$ 169,527

Note 12 Other Government Contributions

	2004	2003 (unaudited restated)
Alberta Government		
Unrestricted Alberta Infrastructure	-	645
Fair value of rent less rent charges for non-acute care facilities used by the Authority	813	575
Transfers from deferred contributions (Schedule 3)	806	3,439
Fair value to use non-owned acute care facilities	531	743
Other Alberta Government	1,527	751
	3,677	6,153
Other	-	661
	$ 3,677	$ 6,814

Note 13 Fees and charges

	Inpatient/ Resident 2004	Outpatient 2004	Total 2004
Acute Care			
Out-of-province	1,227	1,145	2,372
Out-of-country base amount	56	67	123
Out-of-country surcharge	71	83	154
WCB standard charges	277	1,664	1,941
Federal	72	212	284
Uninsured medical services	44	62	106
Preferred accomodation	22	-	22
Continuing care semi-private	191	-	191
	$ 1,960	$ 3,233	$ 5,193
Continuing Care			
Continuing care standard ward	267	-	267
Continuing care semi-private	6,876	-	6,876
Continuing care private	5,093	-	5,093
Uninsured medical services	91	-	91
	$ 12,327	$ -	$ 12,327
Home care fees			
Homemaking fees	-	1	1
	$ -	$ 1	$ 1
	$ 14,287	$ 3,234	$ 17,521

As a result of health authority boundary re-alignment (Note 22), prior period comparative figures for 2003 have been omitted due to inability to determine or estimate detailed information as per note disclosure above.

Note 14 Ancillary Operations

	2004			2003 (unaudited restated)
	Non-patient Food Services	Retail Operations	Total	Total
Revenue:				
Revenue	807	442	1,249	2,016
Amortized deferred capital contributions	26	10	36	81
	833	452	1,285	2,097
Expenses:				
Other expenses	868	190	1,058	2,004
Amortization	26	10	36	94
	894	200	1,094	2,098
Excess (deficiency) of revenue over expense	$ (61)	$ 252	$ 191	$ (1)

Note 15 Investment and other income

	2004	2003 (unaudited restated)
Investment income	1,663	866
Other income	3,045	4,014
	$ 4,708	$ 4,880

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains (losses) on disposal of investments.

Other income comprises recoveries from sources external to the Authority for salary and supplies, WCB compensation, food licensing permits, vaccines, laundry services and other miscellaneous revenues.

Note 16 Administration

	2004	2003 (unaudited restated)
General administration	3,135	4,777
Finance	1,179	1,375
Payroll	980	983
Human Resources	1,323	1,712
Administration - contract operators (Schedule 4)	1,662	1,151
Transition & restructuring costs	-	763
	$ 8,279	$ 10,761

Note 17 Support services

	2004	2003 (unaudited restated)
Building maintenance, operations and security	12,662	15,283
Communications	1,611	1,007
Education	570	818
Housekeeping	4,922	4,791
Laundry and Linen	2,247	2,093
Materials management	2,286	2,398
Patient food services	7,774	7,517
Patient health records	2,892	3,116
Patient registration	2,234	2,450
Patient transportation	4,471	4,296
Volunteer services	-	92
Support services - contract operators (Schedule 4)	7,411	5,483
	$ 49,080	$ 49,344

Note 18 Capital assets write down

During the prior fiscal year the Authority recorded a write-down of $190 (2003) for various buildings, construction in progress projects and leasehold improvements to reduce these assets to their net recoverable values.

In addition, due to health authority boundary realignments announced April 1, 2003 (Note 22), the Authority recorded a write-down in the prior fiscal year of $1,724 (2003) to reduce the capital asset carrying values to reflect those assets determined to be redundant upon transfer.

Note 19 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations and disclosed in Note 22 to the financial statements.

(c) Foundations

The Authority has economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

	Contributions received by Health Authority Year ended March 31		Resources held by Foundation at March 31, 2004	
	2004	2003 (restated)	Externally Restricted	Unrestricted
St Paul & District Hospital Foundation	1	56	0	40
Lakeland Regional Health Authority Foundation	0	21	0	2
[illegible] Health Care Foundation	15	0	213	11
Aspen Health Care Foundation	0	1	184	2
	$ 16	$ 78	$ 397	$ 55

Contributions include externally restricted amounts for equipment, programs, research, and education for specific communities supported by the Foundations.

Note 19 Related Parties (continued)

(c) Foundations (continued)

Administrative support provided to foundations and accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support Year ended March 31		Accounts Receivable at March 31, 2004	
	2004	2003 (restated)	Externally Restricted	Unrestricted
St Paul & District Hospital Foundation	0	-	-	-
Lakeland Regional Health Authority Foundation	0	-	-	-
Hinton Health Care Foundation	3	1	-	-
Aspen Health Care Foundation	0	1	-	-
	$ 3	$ 2	$ -	$ -

(d) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service providers to provide health services in the region. Details are presented in Schedule 4.

Note 20 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the statements. During the year the Authority received $0 (2003 $141) and disbursed $0 (2003 $47) for capital and facility repairs for non-owned facilities. The balance held by the Authority is $0 (2003 $51).

Note 21 Pension Costs

The Authority participates in the Local Authorities Pension Plans, which are multi-employer defined benefit plans. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $4,707 for the year ended March 31, 2004. As a result of health authority boundary re-alignment (Note 22), prior period comparative figures for 2003 have been omitted due to inability to determine or estimate detailed information as per note disclosure above.

Note 21 Pension Costs (continued)

At December 31, 2003, the Local Authorities Pension Plan reported an actuarial deficit of $1,410,987 (2002 $444,980).

Note 22 Health Authority Boundary Re-alignment

Effective April 1, 2003, The Minister of Health and Wellness disestablished eight of the Province's seventeen regional health authorities and re-aligned the boundaries of the nine continuing ones.

The assets, liabilities, and net assets of the Keeweetinok Lakes Regional Health Authority #15 have been assumed in part by the Aspen Regional Health Authority and Peace Country Health Authority at carrying value. The assets, liabilities, and net assets of the Lakeland Regional Health Authority have been assumed in part by the Aspen Regional Health Authority, East Central Health and Capital Health at carrying value. The assets, liabilities, and net assets of the Westview Regional Health Authority #9 have been assumed in part by the Aspen Regional Health Authority and Capital Health at carrying value. The portion of assets, liabilities, and net assets of the Aspen Regional Health Authority related to the County of Sturgeon have been assumed by Capital Health at carrying value.

Note 23 Comparative Figures

Certain 2003 figures have been reclassified and restated to conform to the 2004 presentation.

Comparative figures for 2003 have been restated on a consistent and comparative basis as per Alberta Health and Wellness Financial Directive 23. Assets, liabilities, revenue and/or expenses that could be traced by community were allocated to the parent health authority responsible and accountable for serving that community. Remaining assets, liabilities, revenues and/or expenses that could not be traced to a specific community were allocated based on the proportionate share of the 2002/03 Alberta Health and Wellness funding that the parent health authority obtained as a result of the boundary realignment (Note 22). The above methodology should be taken into account when using the information for comparative purposes. Certain comparative numbers have been omitted in Notes 13, 21 and schedules 1 and 2.

Note 24 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	Budget	2004	2003 (unaudited restated)
Salaries, benefits, allowances and severance (Schedule 2)	128,938	125,268	129,398
Contracts with health service operators (Schedule 4)	26,285	26,681	22,728
Drugs, gases, medical and surgical supplies	6,424	6,594	6,862
Other contracted services	10,007	10,174	10,326
Interest on long term debt	-	-	2
Other *	33,076	31,375	36,438
Amortization:			
Capital equipment - internally funded	2,385	1,894	2,102
Capital equipment - externally funded	1,794	2,151	1,984
Facilities and improvements - internally funded	-	98	45
Facilities and improvements - externally funded	5,918	5,158	5,236
Net loss on disposal	-	15	171
Write down of investments	-	-	356
Capital assets write down - equipment	-	-	1,761
Capital assets write down - facilities and improvements	-	-	190
	214,827	209,408	217,599
Less amounts reported in ancillary operations (Note 14)	(1,156)	(1,094)	(2,098)
	$ 213,671	$ 208,314	$ 215,501

Other *	Budget	2004
Utilities	7,319	5,634
Patient travel	4,066	4,472
Food	1,502	2,355
Miscellaneous	20,189	18,914
	$ 33,076	$ 31,375

As a result of health authority boundary re-alignment (Note 22), certain prior period comparative figures for 2003 have been omitted due to inability to determine or estimate detailed information for breakdown of other expenses above.

Schedule 2

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2004

(thousands of dollars)

	2004						
					Severance		
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total
Authority/Board Compensation							
RHA Chairperson - Robert Jackson	1.00	26		26			26
RHA Vice Chairperson - Gary Pollock	1.00	7		7			7
Allan Buck	1.00	6		6			6
Hazel Hart	1.00	10		10			10
Ernie Halun	1.00	5		5			5
Ernie Isley	1.00	8		8			8
Dale Johnson	1.00	9		9			9
Judy Kidd	1.00	7		7			7
Shirley Mahon	1.00	6		6			6
Ellen McGladdery	1.00	7		7			7
Andrew Orr	1.00	7		7			7
John Pilipchuk	1.00	6		6			6
Gary Ruecker	1.00	4		4			4
Floyd Thompson	1.00	10		10			10
Marian Wolitski	1.00	8		8			8
Total honoraria	15.00	126	-	126	-	-	126
Staff							
President & Chief Executive Officer	1.01	233	39	272			272
Management person(s) reporting to the President & CEO							
Vice Presidents	3.83	462	80	542			542
Other management person(s) reporting to those above							
(avg. 2004 $91,603 excluding severence)	20.37	1,556	310	1,866	1.00	16	1,882
Other management person(s)							
(avg. 2004 $94,412 excluding severence)	39.50	3,105	625	3,730	-	1	3,731
Regulated nurses not included above							
- RNs, Reg. Psych. Nurses, Grad nurses							
(avg. 2004 $79,560 excluding severence)	526.36	35,483	6,394	41,877	-	2	41,879
- LPNs							
(avg. 2004 $47,608 excluding severence)	198.04	8,000	1,428	9,428			9,428
Other health technical and professionals							
(avg. 2004 $68,326 excluding severence)	349.38	20,117	3,755	23,872			23,872
Unregulated health service providers							
(avg. 2004 $34,578 excluding severence)	335.50	9,873	1,728	11,601	1.00	12	11,613
Other staff							
(avg. 2004 $38,754 excluding severence)	822.36	26,534	5,336	31,870	7.80	53	31,923
	2,311.35	105,489	19,695	125,184	9.80	84	125,268

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE FOR THE YEAR ENDED MARCH 31, 2004

1. Full time equivalent (FTE) is determined at the rate of 2022.75 for all employees except those who are part of the United Nurses of Alberta employment contract where a FTE is based on 1,921 hours and employees of Aspen Community Health Services where a FTE is based on 1,827 hours.

   Total actual discrete number of individuals employed: 3538.

2. Salaries include regular base pay, overtime, lumpsum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation and other remuneration.

3. Benefits and allowances include employer contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

4. The Chief Executive Officer and other senior management are provided with an automobile; no dollar amount is included under benefits and allowances.

5. Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

6. As a result of health authority boundary re-alignment (Note 22), prior period comparative figures for 2003 have been omitted due to inability to determine or estimate detailed information as per schedule 2 disclosure above.

Schedule 3

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF DEFERRED CONTRIBUTIONS
FOR YEAR ENDED MARCH 31, 2004

(thousands of dollars)

		Amounts received or receivable				Amounts recognized as revenue					
	Opening Balance April 1 2003 (unaudited restated)	Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Donors	Investments and other	Transfers between projects	Closing Balance March 31, 2004
Alberta Health and Wellness:											
Early Childhood Development Program	508	562				(598)					472
Action for Health - Childrens Initiative	12	124				(136)					-
Innovation Fund	1,297	224				(81)				(537)	903
Information Systems Upgrade	384									(384)	-
Security of Systems	168										168
IT Transition	293					(178)					115
Other	17	255				(177)				16	111
Other contributors:											
Restricted - AB Infrastructure Mtce grants	2,166		1,716				(602)			4	3,284
Restricted - Donations	1,053			1,367				(262)		(861)	1,297
Restricted - Rural on Call	-	2,466				(2,466)					-
Restricted - Specialist-on-Call	319	1,766				(1,292)					793
Restricted - Aboriginal Programs	57	13				(13)				(57)	-
Restricted - Long Term Care Partnerships	2,712						(83)				2,629
Patient Fees and Charges received in advance	82				127				(82)		127
Other	7		126				(121)			(10)	2
Total 2003/04	9,075	5,410	1,842	1,367	127	(4,941)	(806)	(262)	(82)	(1,829)	9,901

Unspent amounts at year end are as follows:	**2004**	**2003** (unaudited restated)
Current:		
Early Childhood Development Program	472	508
Innovation Fund	903	1,297
Security of Systems	168	168
IT Transition	115	293
Restricted - AB Infrastructure	3,284	2,166
Restricted - Specialist-on-Call	793	319
Restricted - Donations	1,297	1,053
Patient Fees and Charges Received in Advance	127	82
Other	113	477
	7,272	6,363
Non-current:		
Restricted - Long Term Care Partnerships	2,629	2,712
Total	$ 9,901	$ 9,075

Schedule 4

ASPEN REGIONAL HEALTH AUTHORITY
SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS
FOR YEAR ENDED MARCH 31, 2004

(thousands of dollars)

Facility name	Direct Region Funding	Direct Alberta Health and Wellness Funding	Approved Patient Fees and Charges	Full cost adjustments	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community and home-based services	Diagnostic and therapeutic services	Administration	Support Services	Total Expenditures
A. Voluntary													
Bonnyville Healthcare Centre	7,922		801	531	9,254	1,736	1,782	1,057		1,137	353	3,189	9,254
B. Private													
Extendicare Athabasca	1,774	157	730		2,661			1,307		201	290	863	2,661
Extendicare Bonnyville	1,486	171	737		2,394			1,136		163	259	836	2,394
Extendicare Mayerthorpe	1,849	155	697		2,701			1,383		196	289	833	2,701
Extendicare St. Paul	3,101	169	1,100		4,370			2,361		346	344	1,319	4,370
Good Samaritan Hinton	1,052		377		1,429			869		62	127	371	1,429
Dynacare Kasper Medical Labs	1,926				1,926					1,926			1,926
Other Contract service providers	901				901				901				901
C. Other													
Capital Health Authority	1,041				1,041					1,041			1,041
Other Health Authorities	4				4					4			4
Total 2003/04	21,056	652	4,442	531	26,681	1,736	1,782	8,113	901	5,076	1,662	7,411	26,681
Total 2002/03 (unaudited restated)	18,120	651	3,385	572	22,728	2,139	1,372	8,001	1,332	3,250	1,151	3,483	22,728

Note: Total Revenue must equal Total Expenditures

Note: Full cost adjustments are required to reflect the full cost of services in situations where a health authority does not pay full cost. Reference: Note 2(b)

Peace
#8

Financial Statements of

PEACE COUNTRY HEALTH

March 31, 2004

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AUDITOR GENERAL
Alberta

Auditor's Report

To the Members of Peace Country Health
and the Minister of Health and Wellness

I have audited the statement of financial position of Peace Country Health (the Region) as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 27, 2004, except as to Note 23
which is as of June 30, 2004

PEACE COUNTRY HEALTH
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2004

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Audit Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters and recommends the financial statements to the Peace Country Health Board for approval. The Auditor General of Alberta has full and free access to the Audit Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. They have assured us that their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Dillon B. Russell
President and
Chief Executive Officer

Shawn Terlson
Chief Financial and
Information Officer

PEACE COUNTRY HEALTH
Statement of Financial Position
March 31, 2004
(thousands of dollars)

	2004	2003 (restated- Note 21)
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	$ 4,955	$ 11,701
Accounts receivable	4,886	3,291
Contributions receivable from Alberta Health and Wellness	5,861	5,807
Inventories	963	983
Prepaid expenses	927	723
	17,592	22,505
NON-CURRENT CASH AND INVESTMENTS (Note 3)	6,076	6,063
NON-CURRENT RECEIVABLES (Note 4)	1,734	1,040
CAPITAL ASSETS (Note 5)	189,268	190,125
	$ 214,670	$ 219,733
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 18,886	$ 14,360
Accrued vacation pay	7,952	7,534
Deferred contributions (Schedule 3)	1,606	1,991
	28,444	23,885
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	6,743	6,690
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS (Note 7)	178,135	178,853
	213,322	209,428
COMMITMENTS (Note 8)		
NET ASSETS		
Accumulated operating deficit	(9,785)	(967)
Investment in capital assets	11,133	11,272
	1,348	10,305
	$ 214,670	$ 219,733

The accompanying notes and schedules are part of these financial statements.

PEACE COUNTRY HEALTH
Statement of Operations
Year ended March 31, 2004
(thousands of dollars)

	2004		2003
	Budget (Note 9)	Actual	Actual (restated- Note 21)
REVENUES			
Alberta Health and Wellness contributions (Note 10)	$ 157,298	$ 156,670	$ 149,034
Other government contributions (Note 11)	1,732	1,682	2,005
Fees and charges (Note 12)	13,569	12,981	11,924
Ancillary operations - net (Note 13)	336	731	378
Donations	290	540	446
Investment and other income (Note 14)	2,956	4,402	4,551
Amortization of external capital contributions (Note 7)	8,404	8,418	10,546
	184,585	185,424	178,884
EXPENSES (Schedule 1)			
Facility-based inpatient acute nursing care services	42,186	43,588	42,020
Facility-based emergency and outpatient services	15,695	15,757	13,016
Facility-based continuing care services	17,722	18,782	17,038
Community and home-based services	15,732	15,753	15,350
Diagnostic and therapeutic services	33,552	33,542	31,067
Promotion, prevention and protection services	9,365	8,312	8,588
Research and education	-	33	89
Administration (Note 15)	10,438	10,438	10,766
Information technology	3,765	4,111	3,771
Support services (Note 16)	37,153	37,757	37,750
Amortization of facilities and improvements	6,081	6,308	5,613
Capital asset writedown	-	-	2,402
	191,689	194,381	187,470
DEFICIENCY OF REVENUES OVER EXPENSES (Note 23)	$ (7,104)	$ (8,957)	$ (8,586)

PEACE COUNTRY HEALTH
Statement of Changes in Net Assets
Year ended March 31, 2004
(thousands of dollars)

	2004						2003	
		Accumulated Operating Deficit		Investment in Capital Assets		Total		Total (restated-Note 21)
Deficiency of revenues over expenses	$	(8,957)	$	-	$	(8,957)	$	(8,586)
Capital assets purchased with internal funds		(1,500)		1,500		-		-
Amortization of internally funded capital assets		1,610		(1,610)		-		-
Disposal of internally funded capital assets		29		(29)		-		-
Net change		(8,818)		(139)		(8,957)		(8,586)
Balance, beginning of year		(967)		11,272		10,305		18,891
Balance, end of year	$	(9,785)	$	11,133	$	1,348	$	10,305

PEACE COUNTRY HEALTH
Statement of Cash Flows
Year ended March 31, 2004
(thousands of dollars)

	2004		2003
	Budget	Actual	Actual (restated-Note 21)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Deficiency of revenues over expenses	$ (7,104)	$ (8,957)	$ (8,586)
Items not affecting cash			
Amortization of internally funded equipment	2,000	1,138	1,918
Amortization of externally funded equipment	2,323	2,576	2,606
Amortization of internally funded facilities and improvements	-	472	73
Amortization of externally funded facilities and improvements	6,081	5,819	5,553
Amortization of external capital contributions (Note 7)	(8,404)	(8,418)	(10,571)
Loss (gain) on disposal of capital assets	-	13	(35)
Gain on disposal of capital investments	-	-	(9)
Writedown of capital assets	-	-	2,420
	(5,104)	(7,357)	(6,631)
Change in non-cash working capital accounts	(392)	2,726	3,861
Cash used by operations	(5,496)	(4,631)	(2,770)
INVESTING			
Purchase of capital assets			
Internally funded equipment	(289)	(124)	(2,314)
Externally funded equipment (Note 7)	(1,711)	(1,618)	(3,737)
Internally funded facilities and improvements	-	(1,376)	(185)
Externally funded facilities and improvements (Note 7)	(8,396)	(6,082)	(13,662)
Proceeds on sale of capital assets	-	39	85
Change in non-current cash	7,381	(13)	15,710
Cash used by investing activities	(3,015)	(9,174)	(4,103)
FINANCING			
Capital contributions received (Note 6)	2,711	7,693	2,485
Change in non-current receivables	1,040	(694)	1,019
Capital contributions transferred to deferred revenue (Note 6)	-	4	(58)
Capital contributions transferred to operations (Note 6)	-	56	-
Decrease in non-current deferred contributions	-	-	(155)
Cash generated by financing activities	3,751	7,059	3,291
DECREASE IN CASH AND TEMPORARY INVESTMENTS	(4,760)	(6,746)	(3,582)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	11,510	11,701	15,283
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	$ 6,750	$ 4,955	$ 11,701

1. AUTHORITY, PURPOSE AND OPERATION

Peace Country Health ("the Authority"), formerly Mistahia Regional Health Authority, was established on June 24, 1994, under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Authority is a registered charity and is exempt from payment of income tax under Section 149 of the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Beaverlodge Municipal Hospital
- Central Peace Health Complex, Spirit River
- Fairview Health Complex
- Grande Cache General Hospital
- Grimshaw Berwyn Continuing Care Centre
- Fox Creek Healthcare Centre
- High Prairie Health Complex
- Hythe Continuing Care Centre
- Mackenzie Place Long Term Care Centre, Grande Prairie
- Manning Community Health Centre
- Peace River Community Health Centre
- Queen Elizabeth II Hospital, Grande Prairie
- Sacred Heart Community Health Centre, McLennan
- Valleyview Health Centre
- Worsley Health Centre
- Health Unit Offices in Beaverlodge, Fairview, Fox Creek, Grande Cache, Grande Prairie, High Prairie, Kinuso, Manning, McLennan, Peace River, Spirit River and Valleyview.

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Schedule 4.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and the reporting requirements of Financial Directive 21 issued by Alberta Health and Wellness. The significant accounting policies used in the preparation of these financial statements, including the accounting recommendations of Alberta Health and Wellness, are summarized below. These accounting policies conform, in all material respects, to GAAP.

The following are the significant accounting policies:

(a) *Basis of Presentation*

These financial statements include all facilities and sites that the Authority operates.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) *Revenue Recognition*

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) *Full Cost*

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of service is recorded. The fair value transactions recorded consist of the following:

- Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
- Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.
- The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations and as program expense, since contract payments from the Authority do not include an amount for the use of these facilities.
- The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) *Full Cost (continued)*

- Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) *Employee Future Benefits*

The Authority participates in the Local Authorities Pension Plan. The pension plan is a multi-employer defined benefit pension plan that provides a pension for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligation for employer non-pension future benefits.

(e) *Investments*

Temporary investments are recorded at cost, which approximates market value.

Non-current investments are recorded at cost unless there has been an other than temporary impairment in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

(f) *Inventories*

Inventories are recorded at the lower of cost, as defined by moving average and net realizable value.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(g) *Capital Assets*

Capital assets and capital projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Land improvements	10 - 25 years
Buildings	20 - 40 years
Major equipment	5 - 15 years

Capital projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) *Restructuring Costs*

Restructuring costs are charged to expenses in the period the decision to restructure is made. If the actual costs are not known at the time the decision is made, then an estimate of the amounts is recorded.

(i) *Measurement Uncertainty*

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services Tax (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST-free list of the Alberta Government.

(j) *Fair Value of Financial Instruments*

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying amounts of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accruals, accrued vacation pay and deferred contributions on the statement of financial position approximate fair value because of the short-term maturity of these instruments.

3. CASH AND INVESTMENTS

		2004		2003
		(thousands of dollars)		
Cash	$	**4,568**	$	5,557
Temporary investments		**6,463**		12,207
Total current & non-current cash and investments	$	**11,031**	$	17,764
Classified as:				
Current	$	**4,955**	$	11,701
Non-current		**6,076**		6,063
Total cash and investments	$	**11,031**	$	17,764

Investments are comprised of one term deposit and several guaranteed investment certificates. The term deposit bears interest at 2.16% and matures on April 20, 2004. The guaranteed investment certificates bear interest at a rate of 8.25% and mature on November 9, 2004.

Current cash and temporary investments represent amounts held for working capital purposes. Non-current cash and investments represent amounts externally restricted for capital acquisitions.

Included in cash and investments is a line of credit in the amount of nil (2003 - $2,000,000).

4. NON-CURRENT RECEIVABLES

		2004		2003
		(thousands of dollars)		
Alberta Health and Wellness	$	**168**	$	-
Aspen Regional Health Authority		**191**		-
Foundations		**308**		44
Non-current portion of receivables from physicians and staff		**1,067**		343
Alberta Infrastructure		-		425
Falher and Area Community Association		-		228
	$	**1,734**	$	1,040

The amounts due from Alberta Health and Wellness, Aspen Regional Health Authority and Foundations are for capital acquisitions.

The amount due from physicians and staff is the non-current portion of non-interest bearing loans granted to Authority staff or certain physicians to establish medical practices. The current portion of $612,059 (2003 - $312,320) is reported in accounts receivable.

5. CAPITAL ASSETS

	Cost				
	Opening Balance April 1, 2003	Transfers from Work in progress	Additions	Disposals	Closing Balance March 31, 2004
	(thousands of dollars)				
Land	$ 2,038	$ -	$ -	$ -	$ 2,038
Land improvements	8,171	190	128	-	8,489
Buildings	215,493	28,758	6,489	201	250,539
Major equipment	66,082	5	1,230	1,623	65,694
Work in progress	31,666	(28,953)	1,353	-	4,066
	$ 323,450	$ -	$ 9,200	$ 1,824	$ 330,826

	Accumulated Amortization			
	Opening Balance April 1, 2003	Current Year Amortization	Amortization on Disposals	Closing Balance March 31, 2004
	(thousands of dollars)			
Land	$ -	$ -	$ -	$ -
Land improvements	7,327	161	-	7,488
Buildings	81,232	6,130	201	87,161
Major equipment	44,766	3,714	1,571	46,909
Work in progress	-	-	-	-
	$ 133,325	$ 10,005	$ 1,772	$ 141,558

	Net Book Value	
	2004	2003
	(thousands of dollars)	
Land	$ **2,038**	$ 2,038
Land improvements	**1,001**	844
Buildings	**163,378**	134,261
Major equipment	**18,785**	21,316
Work in progress	**4,066**	31,666
	$ **189,268**	$ 190,125

5. CAPITAL ASSETS (continued)

Capital assets have been funded from the following sources:

	2004	2003
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 7)	$ 178,135	$ 178,853
Internally funded (investment in capital assets)	11,133	11,272
	$ 189,268	$ 190,125

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b).

	2004	2003
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Infrastructure contributions	$ 3,995	$ 1,568
Restricted Alberta Health and Wellness contributions	2,213	-
Donations restricted for capital purposes	1,457	911
Other sources	27	-
Interest	1	6
	7,693	2,485
Transferred (to) from:		
Unamortized external capital contributions (Note 7)	(7,700)	(17,409)
Statement of operations - investment and other income (Note 14)	56	-
Deferred contributions (Schedule 3)	4	(58)
	(7,640)	(17,467)
Change during the year	53	(14,982)
Balance, beginning of year	6,690	21,672
Balance, end of year	$ 6,743	$ 6,690
Balance at end of year is restricted for the following purposes:		
Capital upgrades	$ 5,584	$ 5,412
Equipment acquisition	1,159	1,278
	$ 6,743	$ 6,690

7. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(b). The balance at year-end represents the external capital contribution that will be recognized as revenue in future years.

	2004	2003
	(thousands of dollars)	
Balance, beginning of year	$ 178,853	$ 172,015
Add amounts transferred from deferred capital contributions (Note 6)	7,700	17,409
	186,553	189,424
Less amounts recognized as revenue:		
Amortization of external capital contributions	(8,418)	(10,546)
Ancillary operations	-	(25)
Balance, end of year	$ 178,135	$ 178,853

8. COMMITMENTS

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years:

	Equipment Maintenance Contracts	Healthcare Service Contracts	Operating Leases	Total
		(thousands of dollars)		
2005	$ 1,106	$ 640	$ 431	$ 2,177
2006	791	281	239	1,311
2007	696	100	205	1,001
2008	494	35	159	688
2009	284	9	30	323

In addition to the above, the Authority has entered into an agreement for the purchase of electricity at a rate of 8.4 cents per kilowatt-hour. The agreement expires December 31, 2005.

9. BUDGET

	Approved Budget[1]	Additional Approved Budget[2]	Budget Reallocation[3]	Reported Budget
		(thousands of dollars)		
Revenues				
Alberta Health and Wellness contributions	$ 154,131	$ 3,167	$ -	$ 157,298
Other government contributions	1,788	-	(56)	1,732
Fees and charges	12,525	-	1,044	13,569
Ancillary operations - net	368	-	(32)	336
Donations	200	-	-	200
Investment and other income	4,051	-	(1,095)	2,956
Amortization of external capital contributions	8,494	-	-	8,494
	181,557	3,167	(139)	184,585
Expenses				
Facility-based inpatient acute nursing care services	43,012	1,573	(2,439)	42,136
Facility-based emergency and outpatient services	14,226	130	1,337	15,693
Facility-based continuing care services	17,230	-	492	17,722
Community and home-based services	10,557	-	3,174	13,731
Diagnostic and therapeutic services	33,326	296	(72)	33,552
Promotion, prevention and protection services	14,305	410	(5,350)	9,365
Research and education	-	-	-	-
Administration	11,068	-	(650)	10,418
Information technology	3,534	-	231	3,765
Support services	35,278	758	1,117	37,153
Amortization of facilities and improvements	6,081	-	-	6,081
	188,661	3,167	(139)	191,689
Deficiency of revenues over expenses	$ (7,104)	$ -	$ -	$ (7,104)

(1) The budget was approved by the Board of the Authority on May 6, 2003 and submitted to the Minister of Health and Wellness on June 30, 2003.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations as follows:

	(thousands of dollars)
Specialists on-call program	$ 1,955
Operations and maintenance grant	637
Immunization administration costs	226
Staff secondment	121
Telehealth operating grant	120
Children's health initiative	92
Adjustment to physician rural on-call program	10
Aboriginal health studies	6
	$ 3,167

(3) The business plan submitted to Alberta Health and Wellness included significant budget allocations such as contingencies for employee salary negotiations based on management estimates. The budget was subsequently adjusted for actual settlement amounts, as they became known.

10. ALBERTA HEALTH AND WELLNESS CONTRIBUTIONS

	2004	2003
	(thousands of dollars)	
Unrestricted contributions	$ 152,218	$ 144,063
Transfers from deferred contributions	4,452	4,971
	$ 156,670	$ 149,034

11. OTHER GOVERNMENT CONTRIBUTIONS

	2004	2003
	(thousands of dollars)	
Fair value of rent for non-acute care used by the Authority (Alberta Infrastructure)	$ 700	$ 747
Student Health Initiative (Alberta Learning)	864	833
Francophone project (Federal government)	116	104
Books for babies (Town of Fairview)	2	-
Alberta Infrastructure	-	321
	$ 1,682	$ 2,005

12. FEES AND CHARGES

	Inpatient/Resident		Outpatient	
	2004	2003	2004	2003
	(thousands of dollars)			
Acute Care				
Out-of-province	$ 2,566	$ 2,646	$ 1,423	$ 1,506
Out-of-country base amount	38	35	22	18
Out-of-country surcharge	62	42	27	23
WCB standard charges	598	595	1,450	1,506
Federal	34	42	69	59
Uninsured medical services	1	13	13	10
Self insured individuals	29	37	48	47
Preferred accommodation	151	167	-	-
Continuing care standard ward	28	25	-	-
Continuing care semi-private	1	1	-	-
Continuing care private	-	-	-	-
	$ 3,508	$ 3,603	$ 3,052	$ 3,189
Continuing Care				
Continuing care standard ward	$ 5,041	$ 4,068	$ -	$ -
Continuing care semi-private	484	393	-	-
Continuing care private	826	620	-	-
WCB standard charges	70	51	-	-
	$ 6,421	$ 5,132	$ -	$ -
	$ 9,929	$ 8,735	$ 3,052	$ 3,189

13. ANCILLARY OPERATIONS

	2004				2003
	Parking Operations	Ambulance Operations	Rental/ Other Operations	Total	Actual
	(thousands of dollars)				
Revenues	$ 535	$ 385	$ 539	$ 1,459	$ 1,735
Expenses	65	532	131	728	1,357
Excess (deficiency) of revenues over expenses (2004)	$ 470	$ (147)	$ 408	$ 731	$ 378
Excess (deficiency) of revenues over expenses (2003)	$ 288	$ (26)	$ 116	$ 378	

14. INVESTMENT AND OTHER INCOME

	2004	2003
	(thousands of dollars)	
Unrestricted investment income	$ 619	$ 873
Other income	3,715	3,900
Transfer from deferred contributions (Schedule 3)	124	10
Transfer from deferred capital contributions (Note 6)	(56)	-
Writedown of investments	-	(232)
	$ 4,402	$ 4,551

Investment income comprises interest, dividends, amortization of discount and premiums and net gains on disposal of investments.

Other income comprises recoveries from sources external to the Authority for materials, supplies and wages.

PEACE COUNTRY HEALTH

Notes to the Financial Statements
Year ended March 31, 2004

15. ADMINISTRATION

	2004	2003
	(thousands of dollars)	
General administration	$ 4,760	$ 5,675
Financial services	2,233	2,384
Human resources	2,997	2,249
Administration attributed to private sector operators (Schedule 4)	448	458
	$ 10,438	$ 10,766

16. SUPPORT SERVICES

	2004	2003
	(thousands of dollars)	
Bio-medical engineering	$ 295	$ 246
Building maintenance, operations and security	12,479	13,345
Communications	1,124	1,367
Education	1,111	457
Health registry	4,246	4,249
Housekeeping	5,152	4,721
Laundry and linen	1,917	2,121
Materials management and transportation	2,634	2,637
Patient food services	7,006	6,349
Volunteer services and other	645	1,059
Support services attributed to private sector operators (Schedule 4)	1,148	1,199
	$ 37,757	$ 37,750

PEACE COUNTRY HEALTH

Notes to the Financial Statements
Year ended March 31, 2004

17. RELATED PARTIES

Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in the notes to the financial statements.

Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are included in the Statement of Operations.

Foundations

The Authority has an economic interest in the following Foundations that are not consolidated with the results of the Authority. The Foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the Foundations is as follows:

	Contributions Received by Authority		Resources Held by Foundation	
	Year ended March 31,		at March 31, 2003	
	2004	2003	Externally Restricted	Unrestricted
	(thousands of dollars)			
Beaverlodge Hospital Foundation	$ 10	$ 36	$ -	$ 47
Fairview Health Complex Foundation	134	129	2,074	346
Grande Cache Hospital Foundation	2	-	-	-
Grimshaw Berwyn & District Hospital Foundation	7	-	5	193
Hythe Nursing Home Foundation	17	28	1	45
Peace Health Foundation	36	-	80	-
Queen Elizabeth II Hospital Foundation	787	281	1,345	1,106
Valleyview Health Care Foundation	6	8	16	11
	$ 999	$ 482	$ 3,521	$ 1,748

Externally restricted amounts are for equipment, programs and research and education for the specific hospital and continuing care facility supported by the individual foundation.

17. RELATED PARTIES (continued)

The value of administrative support provided to foundations and the accounts receivable from the foundations at the year-end are as follows:

	Administrative Support Year ended March 31 2004	 2003	Accounts Receivable at March 31, 2004	 2003
	(thousands of dollars)			
Queen Elizabeth II Hospital Foundation	$ 25	$ 25	$ 264	$ 2
Fairview Health Complex Foundation	-	-	133	5
Hythe Nursing Home Foundation	-	-	15	-
Valleyview Health Care Foundation	-	-	-	2
	$ 25	$ 25	$ 412	$ 9

18. SUBSEQUENT EVENTS

Subsequent to March 31, 2004, the Authority received an offer to purchase the former Peace River hospital, currently recorded at a book value of nil. Management is currently reviewing the terms of the offer and will seek Ministerial approval to sell the hospital if the terms of the offer are acceptable. The Authority previously accrued $1,200,000 in expected demolition and hazardous material removal costs. Should the offer be accepted, it is not determinable if any of these demolition and removal costs will be avoided.

19. TRUST FUNDS

The Authority holds funds in the amount of $171,913 (2003 - $235,296) on behalf of its continuing care clients and the QEII Hospital Child Care Centre.

20. PENSION COSTS

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contribution payable of $4,627,489 for the year ended March 31, 2004 (2003 - $4,025,534).

At December 31, 2003, the Local Authorities Pension Plan reported an actuarial deficiency of $1,410,987,000 (2002 - $444,980,000).

21. BOUNDARY REALIGNMENT

Effective April 1, 2003, the Minister of Health and Wellness disestablished eight of the Province's seventeen regional health authorities and re-aligned the boundaries of the nine continuing ones. In addition, effective April 1, 2003, the governance and accountability for the programs and services provided by the Alberta Mental Health Board were transferred to the regional health authorities. The Authority has assumed at carrying value the assets, liabilities and net assets of the Peace Regional Health Authority in whole and of the Keeweetinok Lakes Regional Health Authority and the Alberta Mental Health Board in part.

Unrestricted net assets has also been increased by $4,289,000 to reflect a proportionate redistribution of the accumulated surpluses (deficits) of the disestablished health regions among the continuing health regions.

The prior year comparative figures have been restated to include the following:

	Peace Regional Health Authority	Keeweetinok Lakes Regional Health Authority	Alberta Mental Health Board	Redistribution of accumulated surpluses (deficits) of disestablished health regions	Total
			(thousands of dollars)		
As at March 31, 2003:					
Total assets	$ 71,600	$ 8,547	$ 374	$ 4,289	$ 84,810
Total liabilities	73,390	6,801	208	-	80,399
Net assets	$ (1,790)	$ 1,746	$ 166	$ 4,289	$ 4,411
For the year ended March 31, 2003:					
Total revenues	$ 37,534	$ 12,016	$ 6,153	$ -	$ 55,703
Total expenses	$ 43,425	$ 13,495	$ 5,707	$ -	$ 62,627

22. COMPARATIVE FIGURES

Certain 2003 figures have been reclassified and restated to conform to 2004 presentation.

23. OPERATING DEFICIT

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Amendment Regulation (A.R.127/2002) from incurring an operating deficit. If a regional health authority incurs an operating deficit, further action would normally be required.

The Authority incurred an operating deficit of $8,956,930 for the year ended March 31, 2004. On June 30, 2004, the Minister of Health and Wellness advised the Authority that it will receive additional funding in the 2004/05 fiscal year to eliminate the Authority's accumulated deficit as reported in the March 31, 2004 audited financial statements. As a result of this additional funding, a deficit elimination plan will not be required.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Authority.

PEACE COUNTRY HEALTH

Schedule 1

Expenses by Object of Expenditure

Year ended March 31, 2004
(thousands of dollars)

	2004		2003
	Budget	Actual	Actual (restated) (Note 21)
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 128,695	$ 128,254	$ 119,044
Contracts with health service operators (Schedule 4)	5,079	5,527	5,336
Drugs, gases, medical and surgical supplies	7,469	7,892	7,683
Other contracted services	12,379	12,422	13,109
Other *	27,847	30,996	31,120
Amortization:			
Internally funded equipment	2,000	1,138	1,918
Externally funded equipment	2,324	2,576	2,606
Internally funded facilities and improvements	-	472	73
Externally funded facilities and improvements	6,081	5,819	5,553
Loss (gain) on disposal of capital assets	-	13	(35)
Capital asset writedown	-	-	2,420
	191,874	195,109	188,827
Less amounts reported in ancillary operations (Note 13)	185	728	1,357
	$ 191,689	$ 194,381	$ 187,470

	2004	
	Budget	Actual
* Other: Significant amounts include		
Diagnostic and therapeutic supplies	$ 2,303	$ 2,618
Equipment expenses	4,422	5,730
Food supplies	1,583	1,843
Patient transportation	2,120	2,619
Recruitment and relocation	1,174	1,485
Utilities	6,002	6,331
Other	10,243	10,370
	$ 27,847	$ 30,996

PEACE COUNTRY HEALTH

Schedule 2

Salaries, Honoraria, Benefits, Allowances and Severance

Year ended March 31, 2004
(thousands of dollars)

	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Subtotal	Severance (5) Number of Individuals	Severance (5) Amount	Total
AUTHORITY/BOARD COMPENSATION							
RHA Chairperson							
Marvin Moore	1.00	$ 39	$ 4	$ 43	-	$ -	$ 43
RHA Members							
Claudia Buck	1.00	11	1	12	-	-	12
Dennis Grant	1.00	12	2	14	-	-	14
Delphine Harbourne	1.00	14	2	16	-	-	16
Andre Harpe	1.00	13	4	17	-	-	17
Milton Hommy	1.00	14	4	18	-	-	18
Wayne Jacques	1.00	9	2	11	-	-	11
Rose Kasinec	1.00	13	3	16	-	-	16
Betty Kruse	1.00	14	2	16	-	-	16
Lawrence Meardi	1.00	12	4	16	-	-	16
Jean Rycroft	1.00	11	4	15	-	-	15
Marie Saville	1.00	16	3	19	-	-	19
Brenda Strom	1.00	8	3	11	-	-	11
TOTAL HONORARIA	13.00	$ 186	$ 38	$ 224	-	$ -	$ 224
STAFF COMPENSATION							
Chief Executive Officer	1.00	221	34	255	-	-	255
Management persons reporting to the CEO							
Chief Operating Officer, QEII Hospital	1.00	142	24	166	-	-	166
Chief Operating Officer, Regional Sites	1.00	132	16	148	-	-	148
Vice President, Regional Health Services	1.00	132	13	145	-	-	145
Vice President, Human Resources	1.00	137	22	159	-	-	159
Chief Financial & Information Officer	1.00	136	26	162	-	-	162
Vice President, Medical Affairs	0.80	265	38	303	-	-	303
Other management persons reporting to those above (average $120) (excluding severance)	33.71	3,449	589	4,038	6	398	4,436
Other management (average $101) (excluding severance)	54.36	4,628	877	5,505	3	63	5,568
Regulated nurses not included above - RNs (average $93) (excluding severance)	497.90	39,763	6,317	46,080	1	2	46,082
Regulated nurses not included above - LPNs (average $48) (excluding severance)	175.13	7,084	1,376	8,460	-	-	8,460 -
Other health technical and professionals (average $74) (excluding severance)	275.24	17,251	3,222	20,473	-	-	20,473
Unregulated health service providers (average $40) (excluding severance)	276.44	9,363	1,745	11,108	-	-	11,108
Other staff (average $46) (excluding severance)	656.93	25,114	5,196	30,310	12	255	30,565
TOTAL STAFF COMPENSATION	1,976.51	$ 107,817	$ 19,495	$ 127,312	22	$ 718	$ 128,030
TOTAL	1,989.51	$ 108,003	$ 19,533	$ 127,536	22	$ 718	$ 128,254

PEACE COUNTRY HEALTH

Schedule 2

Salaries, Honoraria, Benefits, Allowances and Severance
Year ended March 31, 2004
(thousands of dollars)

1. Full-time equivalent (FTE) has been determined as follows:

	Hours
Staff following United Nurses of Alberta (UNA) collective agreement	1,920.75
Certain unionized community health employees	1,827.00
Executive Team	2,015.00
All other contracts and excluded staff	2,022.75

Total actual discrete number of individuals employed: 3,424

2. Salaries and honoraria include regular base pay, overtime, lump-sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions made on behalf of employees, including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance and workers' compensation.

4. The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

5. Severance includes all monies paid directly or on behalf of an employee upon termination, which are not included in salaries and benefits. The number of individuals receiving severances disclosed in the schedule is the discrete number of individuals.

6. The total amount is reported in Schedule 1 (Schedule of Expenses by Object of Expenditure).

PEACE COUNTRY HEALTH

Schedule of Deferred Contributions

Year ended March 31, 2004
(thousands of dollars)

		Amounts received or receivable					Amounts recognized as revenue						
	Opening Balance April 1, 2003	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness (Note 10)	Other government contributions (Note 11)	Donations	Investment and other (Note 14)	Transfer to (from) Deferred Capital Contributions (Note 6)	Refunds/ Transfer to other RHAs	Closing Balance March 31, 2004
Alberta Health & Wellness:													
Primary Health Services	$ 750	$ -	$ -	$ -		$ -	$ 47	$ -	$ -	$ -	$ 38	$ -	$ 665
Specialists On-Call	73	1,955	-	-		-	1,745	-	-	(30)	-	-	313
Children's Health Initiative	16	92	-	-		-	10	-	-	-	-	-	98
Early Childhood Development	111	426	-	-		-	522	-	-	-	-	-	15
Transition Grants	261	-	-	-		-	261	-	-	-	-	-	-
Security of Systems	149	-	-	-		-	149	-	-	-	-	-	-
Telehealth	50	120	-	-		-	170	-	-	-	-	-	-
Vaccine administration	35	-	-	-		-	35	-	-	-	-	-	-
Archival blood review	25	-	-	-		-	-	-	-	-	-	25	-
Software licenses	4	-	-	-		-	-	-	-	-	-	4	-
Aboriginal Health Services Liaison	-	12	-	-		-	6	-	-	-	-	6	-
Rural On-call	-	1,507	-	-		-	1,507	-	-	-	-	-	-
	1,474	4,112	-	-	-	-	4,452	-	-	(30)	38	35	1,091
Other contributors:													
Donors	436	-	-	210	303	-	-	-	540	-	(34)	-	443
Alberta Alcohol and Drug Abuse Commission	27	-		-		80	-	-	-	53	-	-	54
Alberta Cancer Board	40	-	-	-		54	-	-	-	31	-	63	-
Alberta Mental Health Board	-	-	-	-		70		-	-	70		-	-
Federal government	6	-	110	-		-	-	116	-	-	-	-	-
Other	8	-	12	-		-	-	2	-	-	-	-	18
	517	-	122	210	303	204	-	118	540	154	(34)	63	515
TOTAL 2003/04	$ 1,991	$ 4,112	$ 122	$ 210	$ 303	$ 204	$ 4,452	$ 118	$ 540	$ 124	$ 4	$ 98	$ 1,606

All amounts above are current deferred contributions

PEACE COUNTRY HEALTH

Schedule 4

Schedule of Voluntary and Private Health Service Providers

Year ended March 31, 2004
(thousands of dollars)

	Direct Region Funding	Approved Patient Fees and Charges	Total Revenues	Facility based continuing care services	Community and home based services	Diagnostic and therapeutic services	Administration	Support Services	Total Expenditures
A. Private Health Service Providers									
Access Physiotherapy	$ 228	$ -	$ 228	$ -	$ -	$ 169	$ 13	$ 46	$ 228
Chantelle Management	1,848	834	2,682	1,487	-	167	317	711	2,682
College and Community Health Centre	100		100	-	-	100	-	-	100
Columbia Rehabilitation Centre	228	-	228	-	-	169	13	46	228
Dynacare Kasper Medical Laboratories	1,732	-	1,732	-	-	1,282	105	345	1,732
	4,136	834	4,970	1,487	-	1,887	448	1,148	4,970
B. Voluntary Health Service Providers									
Community mental health partners	557	-	557	-	557	-	-	-	557
	557	-	557	-	557	-	-	-	557
TOTAL 2003/04	**$ 4,693**	**$ 834**	**$ 5,527**	**$ 1,487**	**$ 557**	**$ 1,887**	**$ 448**	**$ 1,148**	**$ 5,527**
TOTAL 2002/03	$ 4,672	$ 664	$ 5,336	$ 1,313	$ 441	$ 1,925	$ 458	$ 1,199	$ 5,336

Northern Lights
#9

NORTHERN LIGHTS HEALTH REGION

FINANCIAL STATEMENTS

MARCH 31, 2004

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Schedule of Deferred Contributions

Schedule 4 – Schedule of Voluntary and Private Health Service Providers

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NORTHERN LIGHTS HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2004

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority carries out its responsibility for the financial statements through the Committee of the whole. This Committee meets with management and the external auditor, the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Northern Lights Health Region board for approval. The external auditor has full and free access to the Committee of the whole.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Patricia Pelton
Chief Executive Officer

Linda L. Metz

Linda Metz
Chief Financial Officer

AUDITOR GENERAL
Alberta

Auditor's Report

To the Members of Northern Lights Health Region and the
Minister of Health and Wellness

I have audited the statement of financial position of Northern Lights Health Region (the Region) as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 4, 2004

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF FINANCIAL POSITION
March 31, 2004
(thousands of dollars)

	2004 Actual	2003 Actual As restated (Note 21)
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 13,112	$ 6,079
Accounts receivable (Note 4)	1,433	2,267
Contributions receivable from Alberta Health and Wellness	865	743
Inventories	555	519
Prepaid expenses	636	461
	16,601	10,069
Non-current cash (Note 3)	4,201	11,783
Capital contributions receivable (Note 5)	907	1,321
Capital assets (Note 6)	80,266	64,403
Other assets	-	150
TOTAL ASSETS	$ 101,975	$ 87,726
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 9,691	$ 6,071
Accrued vacation pay	2,369	2,196
Bank loan (Note 7)	480	600
Deferred contributions (Schedule 3)	1,544	1,375
	14,084	10,242
Deferred contributions (Schedule 3)	5	8
Deferred capital contributions (Note 8)	5,103	13,096
Unamortized external capital contributions (Note 9)	76,429	60,328
	95,621	83,674
Net assets:		
Accumulated surplus/(deficit)	2,517	(23)
Investment in capital assets	3,837	4,075
Operating net assets	6,354	4,052
TOTAL LIABILITIES AND NET ASSETS	$ 101,975	$ 87,726

The accompanying notes and schedules are part of these financial statements.

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF OPERATIONS
March 31, 2004
(thousands of dollars)

	2004 Budget	2004 Actual	2003 Actual
	(Note 11)		As restated (Note 21)
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 61 156	$ 60 355	$ 55 320
Other government contributions (Note 13)	859	723	1 853
Fees and charges (Note 14)	3 528	3 782	3 853
Ancillary operations, net (Note 15)	45	15	(52)
Donations	-	224	199
Investment and other income (Note 16)	622	1 217	847
Amortized external capital contributions (Note 9)	3 713	3 673	3 713
TOTAL REVENUE	70 023	69 989	65 733
Expenses (Schedule 1)			
Facility-based inpatient acute nursing care services	16 161	16 880	16 116
Facility-based emergency and outpatient services	4 578	5 050	4 429
Facility-based continuing care services	3 327	3 403	3 376
Community and home-based services	4 165	4 049	5 088
Diagnostic and therapeutic services	12 551	12 374	11 646
Promotion, prevention and protection services	5 879	4 904	5 264
Research and education	-	-	132
Administration (Note 17)	4 033	3 859	4 574
Information technology	1 385	1 693	1 296
Support services (Note 18)	13 321	13 115	12 610
Amortization of facilities and improvements	2 333	2 360	2 344
Capital assets write down	-	-	86
TOTAL EXPENSES	67 733	67 687	66 961
Excess (deficiency) of revenue over expense	$ 2 290	$ 2 302	$ (1 228)

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2004
(thousands of dollars)

	2004 Operating Unrestricted	2004 Operating Invested in Capital Assets	2004 Total	2003 As restated (Note 21) Total
Excess (deficiency) of revenue over expense	$ 2 302	$	$2 302	$ (1 228)
Capital assets purchased with internal funds	(326)	326		
Amortization on internally funded capital assets	564	(564)		
Boundary re-alignment (Note 21)				(1 445)
Net change	2 540	(238)	2 302	(2 673)
Balance, beginning of year	(23)	4 075	4 052	6 725
Balance, end of year	$2 517	$3 837	$6 354	$4 052

NORTHERN LIGHTS HEALTH REGION
STATEMENT OF CASH FLOWS
March 31, 2004
(thousands of dollars)

	2004 Budget	2004 Actual	2003 Actual As restated (Note 21)
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ 2,290	$ 2,302	$ (1,228)
Non-cash transactions:			
Amortization of capital equipment - internally funded	395	471	488
externally funded	1,410	1,353	1,478
Amortization of facilities and improvements - internally funded	-	93	85
externally funded	2,333	2,436	2,264
Amortized external capital contributions (Note 9)	(3,713)	(3,789)	(3,828)
Loss (gain) on disposal of capital equipment	-	(6)	14
Loss (gain) on disposal of investments	-	-	(2)
Write down of capital assets	-	-	91
Changes in non-cash working capital account	(575)	4,463	1,394
Cash generated from operations	2,140	7,323	756
Investing activities:			
Purchase of capital assets:			
internally funded	(1,175)	(326)	(900)
externally funded - equipment (Note 9)	(5,146)	(720)	(3,297)
externally funded - facility and improvements (Note 9)	(10,099)	(19,170)	(10,437)
Proceeds on sale of capital assets	-	6	1
Allocations to non-current cash	9,083	7,582	(4,705)
Allocations from (to) long term receivable	1,021	564	(39)
Cash used by investing activities	(6,316)	(12,064)	(19,377)
Financing activities:			
Capital contributions received	5,146	11,897	2,734
Change in non-current deferred contributions	-	(3)	-
Change in non-current receivable	-	-	15,854
Repayment of bank loan	-	(120)	-
Proceeds from bank loan	-	-	600
Cash generated from financing activities	5,146	11,774	19,188
Increase in cash and temporary investments	970	7,033	567
Cash and temporary investments, beginning of year	5,999	6,079	5,512
Cash and temporary investments, end of year	$ 6,969	$ 13,112	$ 6,079

NORTHERN LIGHTS HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004
(thousands of dollars)

Note 1 Authority, Purpose and Operations

Northern Lights Health Region (the Authority) was established June 24, 1994 under authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Northern Lights Regional Health Centre
High Level General Hospital
St. Theresa General Hospital
Rainbow Lake Health Centre
La Crete Health Centre
Paddle Prairie Health Centre
High Level Health Centre
Ft. Vermilion Health Centre
Zama City Nursing Station

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 21 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Endowments and restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as the Authority's fees and charges. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iv) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Temporary Investments

Temporary investments are recorded at the lower of cost and market value.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable and accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	20-50 Years
Site improvements	20 Years
Building service equipment	20 years
Equipment	5-20 years

Construction projects in progress are not amortized until the project is complete. Leases transferring substantially all of the benefits and risks of capital asset ownership to the Authority are reported as capital asset acquisitions financed by long-term obligations.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash and Temporary Investments

	2004	2003
Cash	$15,116	$15,783
Fixed income securities	2,197	2,079
	$17,313	$17,862
Classified as:		
Current	$13,112	$ 6,079
Noncurrent	4,201	11,783
	$17,313	$17,862

Fixed-income securities, such as bonds, have an average effective yield of 5.87% per annum based on the market for securities maturing in a year, and 5.43% per annum for securities maturing between one and four years. As at March 31, 2004, the securities have the following maturity structure:

Under 1 year	5.75% to 6.2%
1 to 4 years	3.72% to 6.2%

Non-current cash represents the following:

	2004	2003
Externally restricted for capital acquisition	$5,103	$13,096
Less: Capital contributions receivable	(907)	(1,321)
Externally restricted for other purposes	5	8
	$4,201	$11,783

Note 4 Accounts Receivable

Accounts receivable represents the following:

	2004	2003
Patients	$ 1,109	$ 1,741
Other	324	526
	$ 1,433	$ 2,267

Note 5 **Capital Contributions Receivable**

Capital contributions receivable represents the following:

	2004	2003
Wellnet	$ -	$ 600
Northern Lights Regional Health Foundation	907	721
	$ 907	$ 1,321

Note 6 **Capital Assets**

	Cost				Accumulated Amortization				
Capital Asset	Opening Balance 1 Apr 03	Additions	Disposals	Closing Balance 31 Mar 04	Opening Balance 1 Apr 03	Current Year amortization	Amortization on Disposals	Closing Balance 31 Mar 04	Net Book Value
Land	$ 900	$	$	$ 900	$	$	$	$	$ 900
Site improvements	3,882	-	-	3,882	3,658	68		3,726	156
Buildings	62,662	944		63,606	28,346	2,185		30,531	33,075
Building Service Equipment	10,647	991	-	11,638	8,602	276		8,878	2,760
Equipment	19,898	939	(322)	20,515	12,730	1,824	(322)	14,232	6,283
Construction in progress	19,750	17,342	-	37,092					37,092
	$ 117,739	$ 20,216	$ (322)	$ 137,633	$ 53,336	$ 4,353	$ (322)	$ 57,367	$ 80,266

Construction in progress is comprised of the following:

	2004	2003
Laboratory and medical records renovations	$3,210	$1,265
CT Scan/isolation rooms	-	219
Elevator controls/ventilation system	-	167
Fire alarm upgrade	-	163
Other	29	1,875
Northwest Health Centre	33,082	16,061
Diagnostic imaging radiology fluoroscopy	555	-
Main floor roof repair	216	-
	$37,092	$19,750

Capital Assets were funded from the following sources:

	2004	2003
Externally funded (unamortized external capital contributions)	$76,429	$60,328
Internally funded (invested in capital assets)	3,837	4,075
	$80,266	$64,403

Note 7 **Bank Loan**

The bank loan bears interest of prime minus .25% and is secured by a borrowing resolution of the Authority and is due on demand.

Future principal payments are as follows:

For the year ended March 31:

2005	$120
2006	120
2007	120
2008	120
	$ 480

Note 8 **Deferred Capital Contributions**

	2004	2003
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 655	$ -
Restricted other government contributions	11,380	870
Restricted other contributions	9	691
Donations restricted for capital purposes	509	1,224
	12,553	2,785
Transferred to:		
Unamortized external capital contributions (Note 9)	(19,890)	(13,734)
Deferred contributions (Schedule 3)	(56)	(51)
Funding returned to Alberta Health and Wellness	(600)	-
	(20,546)	(13,785)
Change during the year	(7,993)	(11,000)
Balance, beginning of year	13,096	24,096
Balance, end of year	$ 5,103	$ 13,096

Balance at the end of the year is restricted for the following purposes:

	2004	2003
Equipment replacement	$ 65	$ 993
Betterment of capital assets	3,254	4,931
New construction	1,784	7,172
	$ 5,103	$ 13,096

Note 9 Unamortized External Capital Contributions

The region follows the deferral method of recognizing capital contributions as described in Note 2 (a) (ii). The balance of unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2004	2003
Balance, beginning of year	$ 60,328	$ 50,422
Transfers from deferred capital contributions (Note 8)	19,890	13,734
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	(1,353)	(1,478)
Amortized external capital contributions: Facilities and Improvements	(2,320)	(2,235)
Amortization - Ancillary operations	(116)	(115)
Balance, end of year	$76,429	$60,328

Note 10 Commitments

The Authority is committed under contracts for laboratory services, service contracts and equipment leases for the following payments:

Year	Amount
2005	$ 3,798
2006	3,754
2007	327
2008	250
2009	89

The total contract cost for the construction of the Northwest Health Center is $36,600 of which $33,082 has been recorded in construction in progress.

Note 11 Budget

	2003/04 Approved Budget [1]	Additional Funding [2]	2003/04 Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 59,104	$ 2,052	$ 61,156
Other government contributions	859	-	859
Fees and charges	3,628	-	3,628
Ancillary operations, net	45	-	45
Donations	-	-	-
Investment and other income	622	-	622
Amortized external capital contributions	3,713	-	3,713
TOTAL REVENUE	$ 67,971	$ 2,052	$ 70,023
Expenses			
Facility-based inpatient acute nursing care services	$ 16,161	$ -	$ 16,161
Facility-based emergency and outpatient services	4,578	-	4,578
Facility-based continuing care services	3,327	-	3,327
Community and home-based services	4,165	-	4,165
Diagnostic and therapeutic services	12,551	-	12,551
Promotion, prevention and protection services	5,879	-	5,879
Research and education	-	-	-
Administration	4,033	-	4,033
Information technology	1,385	-	1,385
Support services	13,321	-	13,321
Amortization of facilities and improvements	2,333	-	2,333
Capital assets write down	-	-	-
TOTAL EXPENSES	$ 67,733	$ -	$ 67,733
Excess of revenue over expense	$ 238	$ 2,052	$ 2,290

(1) The budget was approved by the Board of the Authority on June 13, 2003, and submitted to the Minister of Health and Wellness. There were no adjustments made to the budget during the course of the year ended March 31, 2004.

(2) Over the course of the fiscal year, the Minister provided additional funding in the amount of $2,052.

Note 12 Alberta Health and Wellness Contributions

	2004	2003
Unrestricted contributions	$58,220	$52,372
Transfers from deferred contributions (Schedule 3)	2,135	2,948
	$60,355	$55,320

Note 13 Other Government Contributions

	2004	2003
Alberta Government		
Alberta Mental Health Board	$91	$790
Fair value of rent less rent charges for non-acute care facilities used by the Authority	117	97
Transfers from deferred contributions (Schedule 3)	515	966
	$723	$1,853

Note 14 Fees and charges

	Inpatient/Resident		Outpatient	
	2004	2003	2004	2003
Acute Care				
Out-of-province	$ 1,186	$ 1,151	$ 505	$ 488
Out-of-country base amount	5	17	27	19
WCB standard charges	150	379	720	804
Federal	10	5	12	13
Uninsured medical services	7	7	25	27
Uninsured supplies	-	-	38	27
Continuing care standard ward	14	32	-	-
	$ 1,372	$ 1,591	$ 1,327	$ 1,378
Continuing Care				
Continuing care standard ward	509	365	-	-
Continuing care semi-private	90	58	-	-
Continuing care private	363	284	-	-
WCB standard charges	29	44	-	-
	$ 991	$ 751	$ -	$ -
Other	-	-	92	133
Total	$ 2,363	$ 2,342	$ 1,419	$ 1,511

Note 15 Ancillary Operations

	2004						2003
	Non-Patient Food Services	Rental Operations	Sale of Goods and Services	Parking Operations	Other	Total	Total
Revenue							
Revenue	$383	$164	$10	$260	$20	$837	$762
Amortized deferred capital contributions	-	86	-	30	-	116	115
	$383	$250	$10	$290	$20	$953	$877
Expenses							
Other expenses	462	129	-	1	177	769	761
Amortization	-	114	-	55	-	169	168
	$462	$243	-	$56	$177	$938	$929
Excess (deficiency) of revenue over expense	($79)	$7	$10	$234	($157)	$15	($52)

Note 16 Investment and other income

	2004	2003
Investment income	$ 390	$ 21[illegible]
Other income		
Immunization recoveries	126	144
Return for service repayments	-	48
Food Permits	68	-
Other recoveries	633	438
	$ 1,217	$ 847

Investment income comprises interest, dividends, amortization of premiums and net gains on disposal of investments.

Note 17 Administration

	2004	2003
Administration	$ 919	$ 1,665
Medical Staff	756	647
Board	169	291
Finance	1,145	1,033
Human Resources	807	877
Amortization	63	61
	$ 3,859	$ 4,574

Note 18 Support Services

	2004	2003
Building maintenance, operations and security	$ 4,482	$ 4,280
Communications	442	225
Housekeeping	1,861	1,803
Laundry and Linen	534	509
Materials management	1,237	1,410
Patient food services	1,723	1,595
Patient health records	1,444	1,763
Other	1,072	737
Amortization	320	288
	$ 13,115	$ 12,610

Note 19 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations.

(c) Northern Lights Regional Health Foundation

The Authority significantly influences the Northern Lights Regional Health Foundation through its representation on the board of trustees.

Northern Lights Regional Health Foundation

	2004	2003
Total assets	$ 2,920	$ 2,149
Total liabilities	1,714	1,364
Net assets	$ 1,206	$ 785
Revenue	$ 1,480	$ 1,400
Expenses(includes contributions to the Authority)	1,059	1,607
Excess (deficiency) of revenue over expenses	$ 421	$ (207)

Note 19 Related Parties (continued)

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31.		at March 31, 2004	
	2004	2003	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$717	$1,316	$782	$1,206

Resources of the Northern Lights Regional Health Foundation amounting to $782 have been restricted by donors for specified programs or equipment of the Northern Lights Health Region.

(d) Northern Peace Foundation

The Authority has an economic interest in the Northern Peace Foundation which was established to support fundraising for the High Level and area health facilities. The foundation is currently being reactivated.

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31.		at March 31, 2004	
	2004	2003	Externally Restricted	Unrestricted
Northern Peace Foundation	$ -	$ -	$ -	$ 15

Note 19 Related Parties (continued)

Administrative support provided to foundations and accounts receivable from (payable to) the foundations at year-end as follows:

	Administrative Support		Accounts Receivable (Payable)	
	Year ended March 31.		at March 31, 2004	
	2004	2003	Externally Restricted	Unrestricted
Northern Lights, Regional Health Foundation	$151	$132	$910	$721

(e) Contracted Health Service Operators

The Authority contracts with private health service operators to provide health services in the region. Details are presented in schedule 4.

Note 20 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $1,640 for the year ended March 31, 2004 (2003 $1,545).

At December 31, 2003, the Local Authorities Pension Plan reported an actuarial deficiency of $1,410,987 (2002 deficiency - $444,980).

Note 21 Boundary Re-alignment

Effective April 1, 2003, the Minister of Health and Wellness disestablished eight of the Province's seventeen regional health authorities and re-aligned the boundaries of the nine continuing ones. In addition, effective April 1, 2003, the governance and accountability for the programs and services provided by the Alberta Mental Health Board were transferred to the regional health authorities. The Authority has assumed at carrying value the assets, liabilities and net assets of the Northwestern Regional Health Authority in whole and the Alberta Mental Health Board in part.

Unrestricted net assets have also been decreased by $1,445 to reflect a proportionate redistribution of the accumulated surpluses (deficits) of the disestablished health regions among the continuing health regions.

The 2003 comparative figures have been restated to include the following:

	Northwestern Regional Health Authority	Alberta Mental Health Board	Redistribution of accumulated surpluses (deficits) of disestablished health regions	Total
		(thousands of dollars)		
As at March 31, 2003:				
Total assets	$ 45,255	$ 80	$	$ 45,335
Total liabilities	41,611	7	1,445	43,063
Net assets	$ 3,644	$ 73	$ (1,445)	$ 2,272
For the year ended March 31, 2003:				
Total revenues	$ 20,421	$ 1,607	$	$ 22,028
Total expenses	$ 21,587	$ 1,591	$	$ 23,178

Note 22 Comparative Figures

Certain 2003 figures have been reclassified and restated to conform to the 2004 presentation.

Note 23 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	Budget	2004	2003
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 44,837	$43,269	$ 42,250
Contracts with health service operators (Schedule 4)	3,387	3,627	3,644
Drugs, gases, medical and surgical supplies	-	2,250	2,256
Other contracted services	-	2,891	3,817
Other*	15,521	12,235	11,528
Amortization:			
Capital equipment – internally funded	395	471	488
Capital equipment – externally funded	1,410	1,353	1,478
Facilities and improvements	2,333	2,529	2,343
Capital assets write down – facilities and improvements	-	-	86
	$ 67,883	$ 68,625	$ 67,890
Less amounts reported in ancillary operations (Note 15)	(150)	(938)	(929)
	$ 67,733	$ 67,687	$ 66,961

* Significant component of Other include the following:

	2004	2003
Physician Compensation	$2,299	$2,405
Utilities	1,836	2,012
Equipment and Software Maintenance Contracts	1,166	771
Food Supplies	670	646
Travel	514	528
Recruitment, Relocation and Retention	416	747
Other	5,334	4,419
	$ 12,235	$ 11,528

Schedule 2

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	2004						
					Severance		
	Number of Individuals	Salaries and Honoraria	Benefits And Allowances	Sub-total	Number Of Individuals	Amount	Total
Authority/Board Compensation							
RHA Chairperson,							
Garner, Scott	1	$26	-	$26	-	-	$26
Arnason, Ron	1	16	-	16	-	-	16
Boyer, Mary	1	13	-	13	-	-	13
Dechant, Betty	1	11	-	11	-	-	11
Hawryliuk, Peter	1	12	-	12	-	-	12
MacDonald, Margaret	1	12	-	12	-	-	12
Neufeld, Bill	1	13	-	13	-	-	13
Nickerson, Ken	1	11	-	11	-	-	11
Wanuch, Florence	1	-	-	-	-	-	-
Total Honoraria	9	114	-	114	-	-	114

Schedule 2 (continued)

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2004

(thousands)

	2004						
					Severance		
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Subtotal	Number of Individuals	Amount	Total
Reporting directly to the Chairperson or RHA members							
Chief Executive Officer	1	221	18	239	-	-	239
Management persons reporting to CEO							
VP Corporate Services	1	119	16	135	-	-	135
VP Human Resources	1	121	15	136	-	-	136
VP Health Services	3	361	46	407	-	-	407
Executive Director, Foundation	1	96	13	109	-	-	109
Communications Advisor	1	60	8	68	-	-	68
Other management persons reporting directly to those above (Average 2004 $106, Average 2003 $94) (Excluding Severance)	11	966	148	1,114	-	-	1,114
Regulated Nurses not included above (Average 2004 $74, Average 2003 $67) (Excluding Severance)	256	16,453	2,463	18,916	-	-	18,916
Other Health Technical and Professional (Average 2004 $71, Average 2003 $66) (Excluding Severance)	106	6,495	1,051	7,546	-	-	7,546
Unregulated Health Service Providers (Average 2004 $43, Average 2003 $38) (Excluding Severance)	92	2,925	530	3,455	-	-	3,455
Other Staff	-	-	-	-	-	-	-
	256	9,371	1,659	11,030	-	-	11,030
Total	729	37,188	5,967	43,155	-	-	43,155
	738	$ 37,302	$ 5,967	$43,269	-	-	$43,269

Schedule 2 (continued)

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2004

1. Full time equivalent (FTE) for each full time employee is determined as follows:

	Annual Hours
Regulated nurses	1,920.75 - 2,022.75
Other health technical and professionals	1,827.00 - 2,022.75
Unregulated health service providers	1,827.00 - 2,022.75
Other Staff	1,950.00 - 2,186.00

Total actual discrete number of individuals employed was 1,026 as of March 31, 2004 and 1,009 as of March 31, 2003.

2. Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

3. Benefits and allowances include employer contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

4. The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

5. Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

6. The total amount is reported in Schedule 1.

NORTHERN LIGHTS HEALTH REGION SCHEDULE OF DEFERRED CONTRIBUTIONS FOR THE YEAR ENDED MARCH 31, 2004.		Amounts received or receivable					Amounts recognized as revenue					**Schedule 3**	
	Opening Balance April 1, 2003	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Transfers between projects	Closing Balance March 31, 2004
Alberta Health and Wellness:													
Restricted - Young Family Wellness	201	123					118						206
Restricted - YFW - Child & Family Nutrition / Adolescent Family Life		187					145						42
Restricted - Young Family Wellness	290						90						200
Restricted - YFW - Mental Health		176					138						38
Restricted - YFW - Families First								(37)					37
Restricted - Orthopaedic Service		81											81
Restricted - DI Ultrasound							8					(8)	-
Restricted - Children's Health Initiative		50											50
Restricted - Transition	96						96						-
Restricted - Security of Systems	55						36					19	-
Restricted - Telehealth Operating	39	50					59						30
Restricted - Telehealth Donation							67					(67)	-
Restricted - Nunee Health		233											233
Restricted - Telehealth	35												35
Restricted - ICD 10	15												15
Restricted - HAPI Healthy Aging	7												7
Restricted - Telehome care	79												79
Restricted - Rural on Call		274					273						1
Restricted - Specialist-on-Call	353	1,108					1,105						356
Other contributors:													
Student Health	34		298					332					-
Children's Mental Health	66												66
Child & Family Social Services	26		80					104					2
Alberta Cancer Board	29		45					63					11
Environmental Health	26					49		49					26
Foundation	2												2
Lifeline	(3)												(3)
Population Health	4					4					4		4
Restricted - Donations	17				11						3		25
Restricted - Coreless Memorial	8									3			5
Restricted - AMHB			5					4					1
Restricted - SEARCH	4										4		-
Total 2003/04	1,383	2,282	428	0	11	53	2,135	515	0	3	11	(56)	1,549

NORTHERN LIGHTS HEALTH REGION
SCHEDULE OF DEFERRED CONTRIBUTIONS
FOR THE YEAR ENDED 31, 2004

Schedule 3 (continued)

Unspent amounts at year end are as follows:	**2004**	**2003**
Current		
Restricted - Young Family Wellness	$ 206	$ 201
Restricted - YFW - Child & Family Nutrition / Adolescent Family Life	42	-
Restricted - Young Family Wellness	200	290
Restricted - YFW - Mental Health	38	-
Restricted - YFW - Families First	37	-
Restricted - Orthopaedic Service	81	-
Restricted - SEARCH	-	4
Restricted - Children's Health Initiative	50	-
Restricted - Transition	-	96
Restricted - Security of Systems	-	55
Restricted - Telehealth Operating	30	39
Restricted - Nunee Health	233	-
Restricted - Telehealth	35	35
Restricted - ICD 10	15	15
Restricted - HAPI Healthy Aging	7	7
Restricted - Telehome care	79	79
Restricted - Rural on Call	1	-
Restricted - Specialist on Call	356	353
Student Health	-	34
Children's Mental Health	66	66
Child & Family Social Services	2	26
Alberta Cancer Board	11	29
Environmental Health	26	26
Foundation	2	2
Lifeline	(3)	(3)
Population Health	4	4
Restricted - Donations	25	17
Restricted - AMHB	1	-
	1,544	1,375

NORTHERN LIGHTS HEALTH REGION

Schedule 4

SCHEDULE OF VOLUNTARY AND PRIVATE HEALTH SERVICE PROVIDERS

FOR THE YEAR ENDED MARCH 31, 2004

Facility name	Direct Region Funding	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency and outpatient services	Facility-based continuing care services	Community and home based services	Diagnostic and therapeutic services	Promotion prevention and protection services	Research and education	Administration	Information Technology	Support services	Total Expenditures
Private													
Dynacare Kasper Medical Laboratories	3,400	3,400					3,400						3,400
Boates Holdings Ltd.	227	227					227						227
Nunee Health Region	-	-						-					-
Total 2003/04	$ 3,627	$ 3,627	$ -	$ -	$ -	$ -	$ 3,627	$ -	$ -	$ -	$ -	$ -	$ 3,627
Total 2002/03	$ 3,644	$ 3,644	$ -	$ -	$ -	$ -	$ 3,399	$ 245	$ -	$ -	$ -	$ -	$ 3,644

Alberta Mental Health Board

ALBERTA MENTAL HEALTH BOARD

FINANCIAL STATEMENTS

MARCH 31, 2004

Statement of Management Responsibility
Auditor's Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
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Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
Schedule 3 – Schedule of Deferred Contributions
Schedule 4 – Schedule of Voluntary and Private Health Service Providers

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ALBERTA MENTAL HEALTH BOARD

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2004

The accompanying financial statements are the responsibility of management and have been approved by the Alberta Mental Health Board ("AMHB"). The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The AMHB has established a code of ethics and corporate directives, which require communication of the code to employees.

The AMHB carries out its responsibility for the financial statements through the Resources Committee. This Committee meets with management and the Auditor General to review financial matters, and recommends the financial statements to the AMHB for approval. The Auditor General has full and free access to the Resources Committee.

The Auditor General provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Ray Block
Chief Executive Officer

Steven Ritz, C.A.
Director, Administrative Services

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of Alberta Mental Health Board
and the Minister of Health and Wellness

I have audited the statement of financial position of Alberta Mental Health Board as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 21, 2004

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF FINANCIAL POSITION
March 31, 2004
(thousands of dollars)

	2004 Actual	2003 Restated (Note 1)
ASSETS		
Current:		
Cash (Note 3)	$ 7,716	$ 23,196
Accounts receivable	162	2,569
Contributions receivable from Alberta Health and Wellness	745	566
Prepaid expenses	687	418
	9,310	26,749
Non-current cash (Note 3)	523	1,119
Capital assets (Note 4)	433	787
TOTAL ASSETS	$ 10,266	$ 28,655
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 1,418	$ 16,378
Accrued vacation pay	175	263
Deferred contributions (Schedule 3)	464	925
Accrued restructuring costs (Note 17)	534	2,861
	2,591	20,427
Deferred capital contributions (Note 5)	-	3
Unamortized external capital contributions (Note 6)	327	687
	2,918	21,117
Commitments and Contingencies (Note 7)		
Net assets:		
Unrestricted (Note 8)	3,263	722
Internally restricted (Note 8)	3,979	6,716
Accumulated surplus	7,242	7,438
Investment in capital assets	106	100
	7,348	7,538
TOTAL LIABILITIES AND NET ASSETS	$ 10,266	$ 28,655

The accompanying notes and schedules are part of these financial statements

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF OPERATIONS
March 31, 2004
(thousands of dollars)

	2004 Budget (Note 9)	2004 Actual	2003 Restated (Note 1)
Revenues			
Alberta Health and Wellness contributions (Note 10)	$ 35,476	$ 34,918	$ 36,028
Other government contributions (Note 11)	134	390	2,119
Donations	26	50	-
Investment and other income (Note 12)	698	930	772
Amortized external capital contributions (Note 6)	338	376	985
TOTAL REVENUES	36,672	36,664	39,904
Expenses (Schedule 1)			
Facility-based inpatient acute nursing care services	11,863	11,952	11,498
Facility-based emergency and outpatient services	5,240	4,906	5,160
Community and home-based services	442	446	3,471
Diagnostic and therapeutic services	4,242	4,274	4,240
Promotion, prevention and protection services	3,500	3,407	3,554
Research and education	1,165	926	1,122
Administration (Note 13)	6,943	4,557	7,732
Information technology	448	962	2,602
Support services (Note 14)	3,279	3,345	5,015
TOTAL EXPENSES	37,122	34,775	44,394
Excess (deficiency) of revenues over expenses prior to the following items	(450)	1,889	(4,490)
Legal settlement costs (Note 7b)	-	450	-
Restructuring costs, net (Note 17)	2,375	1,629	5,403
Deficiency of revenues over expenses	$ (2,825)	$ (190)	$ (9,893)

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2004
(thousands of dollars)

	2004 Actual Unrestricted	2004 Actual Internally Restricted (Note 8)	2004 Actual Investment in Capital Assets	2004 Actual Total	2003 Restated Total (Note 1)
Deficiency of revenues over expenses	$ (190)	$ -	$ -	$ (190)	$ (9,893)
Capital assets purchased with internal funds	(53)	-	53	-	-
Amortization on internally funded capital assets	47	-	(47)	-	-
Restructuring of mental health operations	-	-	-	-	(13,170)
Net Change	(196)	-	6	(190)	(23,063)
Transfer from internally restricted net assets, net	2,737	(2,737)	-	-	-
Balance at beginning of year	722	6,716	100	7,538	30,601
Balance at end of year	$ 3,263	$ 3,979	$ 106	$ 7,348	$ 7,538

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CASH FLOWS
MARCH 31, 2004
(thousands of dollars)

	2004 Actual	2003 Restated (Note 1)
Cash generated from (used by):		
Operating activities:		
Deficiency of revenues over expenses	$ (190)	$ (9,893)
Non-cash transactions:		
Amortization of capital equipment - internally funded	47	472
- externally funded	376	985
Amortized external capital contributions (Note 6)	(376)	(985)
Revenue recognized on write-down of externally funded capital equipment (Note 6)		(2,270)
Loss on disposal of capital equipment	-	2
Gain on disposal of investments	-	(43)
Write-down of capital assets - internally funded	-	1,333
- externally funded	-	2,270
Change in non-cash working capital accounts	(15,877)	11,769
	(16,020)	3,640
Investing activities:		
Purchase of capital equipment - internally funded	(53)	(859)
- externally funded (Note 6)	(16)	(172)
Allocations from (to) non-current cash	596	(872)
	527	(1,903)
Financing activities:		
Capital contributions received, net	13	75
	13	75
Increase (decrease) in cash	(15,480)	1,812
Cash, beginning of year	23,196	21,384
Cash, end of year	$ 7,716	$ 23,196

ALBERTA MENTAL HEALTH BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004

Note 1 Alberta Mental Health Board, Purpose and Restructuring of Mental Health Operations

The Alberta Mental Health Board ("the Board") was established on April 1, 1999 by Alberta Regulation 84/99 (AR84/99). Prior to April 1, 2003, the Board was responsible for delivering appropriate, accessible and affordable mental health services in Alberta.

Effective April 1, 2003, the majority of mental health programs and services were transferred to regional health authorities ("RHAs") on a geographic basis. As a result, the majority of the Board's operating assets and liabilities were transferred to the RHAs effective April 1, 2003. Of the previously reported cash balance of $62,030,000 as at March 31st, 2003, $37,715,000 has been transferred to the RHAs, resulting in a restated cash balance of $24,315,000 reported in the Board's comparative fiscal 2003 figures.

The net effect of the transfer, amounting to $13,170,000 as at April 1, 2002, has been reflected in the Statement of Changes in Net Assets. The comparative fiscal 2003 figures in the Statement of Operations have been restated to be consistent with the ongoing operations of the Board as of April 1, 2003. Accordingly, $705,000 of the Board's previously reported deficiency of $10,598,000 for the year ended March 31, 2003 has been transferred to the RHAs, resulting in a restated deficiency of $9,893,000 reported in the Board's comparative fiscal 2003 figures. Certain accounts payable balances and the related cash balances were retained by the Board to facilitate settlement during the year.

During the fiscal year ending March 31, 2004, the Board retained governance of province wide services such as Forensic Psychiatry, Suicide Prevention, Aboriginal Mental Health and Telemental Health. The Board also engaged in various planning, advocacy and liaison activities and continued to promote mental health through education and awareness. Additional restructuring activities and costs were incurred during the year as a result of the continuing transition of mental health programs and services to the RHAs (see Note 17).

The operations of the Board for the next fiscal year are grounded in the Provincial Mental Health Plan. Specifically, the Board will work with others through broad, meaningful and collaborative partnerships to:

- Promote and support implementation of the made-in-Alberta approach outlined in the framework document *Advancing the Mental Health Agenda (April 2004)*;
- Bring a provincial perspective to programming and support for regional mental health service delivery;
- Build capacity for provincial mental health research and enhance information management to support planning at the regional and provincial level;
- Strengthen advocacy and consumer support; and
- Target strategies at *system level change*, and communicate on progress.

The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directives 21 and 23 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Revenue Recognition

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Unrestricted investment income is recognized in the year earned.

(v) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Board accounts for all costs and revenue from services for which it is responsible. The costs of services provided is recorded at fair value. Fair value transactions comprise the following:

(i) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Board's programs.

(ii) The fair value for use of non-acute care facilities not owned by the Board and provided to the Board at zero or nominal rent is recorded as other government contributions and as program expense.

(iii) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits

The Board participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Board's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plan's deficit or surplus.

The Board fully accrues its obligations for employee non-pension future benefits.

(d) Cash

Cash consists of cash on deposit.

(e) Financial Instruments

The carrying value of cash, accounts receivable, contributions receivable from Alberta Health and Wellness, accounts payable and accrued liabilities, and accrued restructuring costs approximates their fair value because of the short-term maturity of these items.

The Board does not have any off-balance sheet financial instruments.

(f) Capital Assets

Capital assets consist of furniture and equipment and are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Equipment is amortized over its estimated useful life of 5 to 15 years on a straight-line basis.

(g) Restructuring Costs (see Note 17)

Expenditures are classified as restructuring costs if they directly relate to the transition of mental health programs and services to the RHAs. If actual costs are unkown, an estimate is recorded.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Use of Estimates

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

Note 3 Cash

	2004 Actual	2003 Restated
	(thousands of dollars)	
Total current & non-current cash	$ 8,239	$ 24,315
Classified as:		
Current	7,716	23,196
Non-current	523	1,119
Total cash	$ 8,239	$ 24,315
Non-current cash represents the following:		
Externally restricted for capital purposes	$ -	$ 3
Internally restricted for capital purposes	523	1,116
	$ 523	$ 1,119

Note 4 Capital Assets

	Cost (thousands of dollars)				Accumulated Amortization (thousands of dollars)				
Capital Asset	Opening Balance 1-Apr-03 Restated	Additions	Disposals	Closing Balance 31-Mar-04 Actual	Opening Balance 1-Apr-03 Restated	Current year amortization	Amortization on Disposals	Closing Balance 31-Mar-04 Actual	Net Book Value
Equipment	$ 6,067	$ 69	$ 402	$ 5,734	$ 5,280	$ 423	$ 402	$ 5,301	$ 433

Capital assets were funded from the following sources:

	2004 Actual	2003 Restated
	(thousands of dollars)	
Externally funded *(unamortized external capital contributions)*	$ 327	$ 687
Internally funded *(invested in capital assets)*	106	100
	$ 433	$ 787

Note 5 Deferred Capital Contributions

	2004 Actual	2003 Restated
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 16	$ -
Restricted other government contributions	-	114
	16	114
Transferred to:		
Unamortized external capital contributions (Note 6)	(16)	(172)
Deferred contributions	(3)	(39)
	(19)	(211)
Change during the year	(3)	(97)
Balance, beginning of year	3	100
Balance, end of year	$ -	$ 3
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement	$ -	$ 3

Note 6 Unamortized External Capital Contributions

The Board follows the deferral method of recognizing capital contributions as described in Note 2 (a) (ii). The balance of unamortized external capital contributions at the end of the year represents the external capital contributions to be recognized as revenue in future years.

	2004	2003
	(thousands of dollars)	
Balance, beginning of year	$ 687	$ 3,770
Transfers from deferred capital contributions (Note 5)	16	172
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	376	985
Write-down of externally funded capital assets (Note 18)	-	2,270
Balance, end of year	$ 327	$ 687

Note 7 Commitments and Contingencies

(a) Commitments

As part of normal operations, the Board has entered into contracts for forensic psychiatry services, promotion and prevention services and administrative services. Where the term of a contract does not extend beyond March 31, 2005, the Board's management expects to renew the contract under similar terms and conditions at each successive expiry date. The Board also has an operating lease for office space.

	Contracts	Leases
	(thousands of dollars)	
For the year ended March 31		
2005	$24,048	$119
2006	24,769	123
2007	25,512	126
2008	26,278	126
2009	27,067	126

(b) Contingencies

Subsequent to year end, the Board settled an action wherein the plaintiff believed it was owed for providing additional services, allegedly agreed to by the Board, during the construction of the sewage treatment facility at Alberta Hospital Ponoka. The amount of the settlement was $450,000 which has been recorded in accrued liabilities.

Note 8 Accumulated Surplus

The Board's accumulated surplus comprises the following:

	2004 Actual	2003 Restated
	(thousands of dollars)	
Unrestricted net assets	$ 3,263	$ 722
Internally restricted net assets		
Capital upgrades	523	1,116
Transition costs	597	1,600
Telemental health	-	1,500
Mental health and justice initiatives	283	1,223
Research and administration	26	277
Sewage treatment facility	550	1,000
Mental health services and programs	2,000	-
	3,979	6,716
	$ 7,242	$ 7,438

Note 9 Budget

The 2004 budget was approved by the Board on March 19, 2004.

Note 10 Alberta Health and Wellness Contributions

	2004 Actual	2003 Restated
	(thousands of dollars)	
Unrestricted contributions	$ 34,050	$ 32,643
Transfers from deferred contributions (Schedule 3)	868	1,385
AH&W payments to contract operators (Schedule 4)	-	2,000
	$ 34,918	$ 36,028

Note 11 Other Government Contributions

	2004 Actual	2003 Restated
	(thousands of dollars)	
Alberta Government		
Restricted Alberta Infrastructure	$ -	$ 1,734
Transfers from deferred contributions (Schedule 3)	243	-
Fair value to use non-owned facilities	147	162
Other	-	223
	$ 390	$ 2,119

Note 12 Investment and other income

	2004 Actual	2003 Restated
	(thousands of dollars)	
Investment income	$ 634	$ 254
Other income	296	518
	$ 930	$ 772

Investment income comprises interest income. Other income primarily comprises revenues from research grants and cost recoveries.

Note 13 Administration

	2004 Actual	2003 Restated
	(thousands of dollars)	
General administration	$ 3,237	$ 6,051
Forensic psychiatry services[1]	913	863
Finance	346	455
Human Resources	61	363
	$ 4,557	$ 7,732

General administration expenses for fiscal 2004 primarily comprises costs relating to the following types of activities:

- Promoting and supporting implementation of the made-in-Alberta approach outlined in the framework document *Advancing the Mental Health Agenda (April 2004)*;
- Bringing a provincial perspective to programming and support for regional mental health service delivery; and
- Strengthening advocacy and consumer support.

Note 14 Support services

	2004 Actual	2003 Restated
	(thousands of dollars)	
Forensic psychiatry services[1]	$ 3,110	$ 2,943
Building maintenance and operations	235	$ 1,967
Education	-	105
	$ 3,345	$ 5,015

[1] The cost of contracted forensic psychiatry programs is allocated to the appropriate expense categories as if the Board directly provided the operations. Where information is unobtainable, the Board uses a systematic and rational basis for the allocation.

Note 15 Related Parties

(a) Province of Alberta

The Board is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Board and the Province are disclosed in the financial statements and in the notes to the financial statements.

(b) Health Authorities

The Board shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Board and other Health Authorities are reported in the Statement of Operations and presented in Schedule 4.

(c) Contract Service Operators

The Board contracts with service operators to provide mental health promotion and prevention services in the Province. Details are presented in Schedule 4.

Note 16 Pension Costs

The Board participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of $199,000 for the year ended March 31, 2004 (2003 - $2,116,000).

At December 31, 2003, the Local Authorities Pension Plan reported a deficiency of $1,410,987,000 (2002 - $444,980,000).

Note 17 Restructuring Costs, Net

As a result of the continuing transition of mental health programs and services to the RHAs, restructuring activities and costs were incurred during the year. Accrued restructuring costs of $534,000 (2003 - $2,861,000) comprise restructuring expenditures relating to the current fiscal year and a provision for restructuring expenditures in the next fiscal year. The net restructuring costs included in the Board's statement of operations for the year ended March 31, 2004 are comprised of the following:

Note 17 Restructuring Costs, Net (continued)

	2004 Actual	2003 Restated
	(thousands of dollars)	
Salaries and severance	$ 566	$ 2,910
Professional fees	96	968
Geographic teams	636	-
Other restructuring expenses	331	192
Write-down of capital assets	-	3,603
	1,629	7,673
Amortization of external capital contributions on write-down of capital assets	-	(2,270)
Net restructuring costs	$ 1,629	$ 5,403

Note 18 Comparative Figures

Certain 2003 figures have been reclassified and restated to conform to the 2004 presentation.

Note 19 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2004

(thousands of dollars)

		2004	2003
	Budget (Note 9)	Actual	Restated (Note 1)
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 3,138	$ 3,716	$ 28,298
Contracts with health service operators (Schedule 4)	29,270	28,454	9,082
Drugs, gases, medical and surgical supplies	-	-	636
Other contracted services	2,364	1,745	3,233
Other expenses (1)	4,365	2,516	5,758
Amortization of capital equipment:			
- internally funded	22	47	472
- externally funded	338	376	985
Capital assets write down - equipment	-	-	3,603
	39,497	36,854	52,067
Less amount reported as legal settlement (Note 7b)	-	450	-
Less amounts reported as restructuring costs (Note 17)	2,375	1,629	7,673
	$ 37,122	$ 34,775	$ 44,394
(1) Other expenses			
Facility rent	$ 187	$ 334	$ 1,173
Travel	253	251	525
Administrative services referred out to Capital Health	639	518	-
Miscellaneous	3,286	1,413	4,060
	$ 4,365	$ 2,516	$ 5,758

The comparative fiscal 2003 figures have been restated to reflect the transfer of the majority of mental health programs and services to the RHAs (see Note 1). Included in the Board's ongoing operations are forensic psychiatry services which, in 2003, were provided directly by employees of Alberta Hospital Edmonton to northern Alberta. In 2004, the northern Alberta services were contracted to Capital Health. Accordingly, the expenses for these services are included in different object categories for the years ending March 31, 2004 and 2003.

In addition to expenditures relating to the ongoing operations of the Board, the 2003 figures include $11,606,000 for the following:

- Administrative services and other programs no longer required after the transition of mental health services and programs to the RHAs; and
- Programs and expenditures that did not continue after the transition of mental health services and programs to the RHAs or that related to one-time or flow-through funding. In certain instances, offsetting revenue has been included in the Statement of Operations. Examples include capital maintenance grants and Children's Mental Health expenditures paid directly by Alberta Health and Wellness to Children and Family Services Authorities.

Schedule 2

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2004
(thousands of dollars)

	2004						
					Severance[5]		
	Number of Individuals [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-Total	Number of Individuals	Amount	Total
Board Compensation							
Board Chairperson							
Read, John G. (Dr.)	1	$ 16	$ -	$ 16	-	$ -	$ 16
Board Members							
Desbarats, Susan	1	5	-	5	-	-	5
Laforce-Fertig, Louise	1	2	-	2	-	-	2
Marrie, Thomas J. (Dr.)	1	1	-	1	-	-	1
Mikkelsen, David	1	3	-	3	-	-	3
Preston, Jerry	1	3	-	3	-	-	3
Steinhauer, Sharon	1	3	-	3	-	-	3
Total honoraria	7	33	-	33	-	-	33
Staff							
Chief Executive Officer[4]	1.00	200	15	215	-	-	215
Management persons reporting to the CEO:							
Clinical/Medical Advisor	1.00	293	17	310	1.00	443	753
Executive Director, Programs	1.00	126	17	143	-	-	143
Executive Director, Planning, Advocacy & Liaison	1.00	130	17	147	-	-	147
Executive Director, Monitoring & Evaluation	0.76	97	11	108	-	-	108
Other management persons reporting directly to those above (avg. 2004 $102)	6.42	555	99	654	-	-	654
Other management (avg. 2004 $88)	3.81	287	48	335	-	-	335
Other staff (avg. 2004 $62)	21.29	1,077	251	1,328	-	-	1,328
Total staff	36.28	2,765	475	3,240	1.00	443	3,683
Total		$ 2,798	$ 475	$ 3,273		$ 443	$ 3,716

See accompanying information on the following page.

Comparative fiscal 2003 figures have been omitted as a restatement to reflect the transfer of the majority of mental health programs and services to the RHAs was not feasible.

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE FOR THE YEAR ENDED MARCH 31, 2004

1. Full time equivalent (FTE) is determined at the rate of 2,031 annual hours for each full-time employee. Total actual discrete number of individuals employed: 66.

2. Salaries include regular base pay, overtime, lump sum payments, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration. Individuals under contract by the Board are not reflected in this schedule.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

4. The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

5. Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

Schedule 3

Schedule of Deferred Contributions

	Opening Balance April 1, 2003 Restated	Amounts received or receivable (thousands of dollars)				Amounts recognized as revenue (thousands of dollars)				Closing Balance March 31, 2004 Actual
		Alberta Health and Wellness	Other Gov't Contributions	Donors	Investment and Other	Alberta Health and Wellness	Other Gov't Contributions	Donors	Investment and Other	
Alberta Health & Wellness:										
Telemental Health Scheduling	$ 36	-	-	-	-	36	-	-	-	-
Forensics Diversion	682	-	-	-	-	674	-	-	-	8
Telemental Health Clinical	-	107	-	-	-	60	-	-	-	47
System Transition	62	-	-	-	-	62	-	-	-	-
Security Compliance Upgrade	36	-	-	-	-	36	-	-	-	-
Aboriginal Youth Suicide Prevention	-	400	-	-	-	-	-	-	-	400
Other Contributors:										
Restricted - AB Infrastructure	76	-	(74)	-	-	-	-	-	-	2
Restricted - Donations	7	-	-	50	-	-	-	50	-	7
Restricted - Alberta Justice	-	-	240	-	-	-	240	-	-	-
Restricted - Research Study	26	-	3	-	50	-	3	-	76	-
Total 2003/04	$ 925	$ 507	$ 169	$ 50	$ 50	$ 868	$ 243	$ 50	$ 76	$ 464

Unspent amounts at year end are as follows:

	2004 Actual	2003 Restated
	(thousands of dollars)	
Current		
Aboriginal Youth Suicide Prevention	$ 400	$ -
Telemental Health Clinical	47	-
Forensics Diversion	8	682
Donations	7	7
Alberta Infrastructure	2	76
System Transition	-	62
Security Compliance Upgrade	-	36
Telemental Health Scheduling	-	36
Research Study	-	26
	464	925
Non-Current	-	-
Total	$ 464	$ 925

Schedule 4

SCHEDULE OF CONTRACT SERVICE OPERATORS

	Direct Region Funding	Direct Alberta Health & Wellness Funding	Total Revenue	Facility-based inpatient acute nursing services	Facility-based emergency & outpatient services	Community & home based services	Diagnostic & Therapeutic Services	Promotion prevention & protection services	Research and education	Administration	Information technology	Support services	Restructuring	Total Expenditures
		(thousands of dollars)							(thousands of dollars)					
A. Health Authorities														
Calgary Health Region - Forensics	$ 5,489	$ -	$ 5,489	$ 2,730	$ 760	$ 101	$ 978	$ -	$ -	$ 209	$ -	$ 711	$ -	$ 5,489
Calgary Health Region - Other	1,143	-	1,143	336	230	12	120	332	-	26	-	87	-	1,143
Capital Health - Forensics	17,198	-	17,198	8,555	2,381	317	3,064	-	-	654	-	2,227	-	17,198
Capital Health - Other	1,156	-	1,156	-	418	-	-	-	290	-	448	-	-	1,156
Other Regional Health Authorities	1,022	-	1,022	-	465	-	-	548	-	9	-	-	-	1,022
B. Other Contract Service Operators														
Canadian Mental Health Association	903	-	903	-	-	-	-	903	-	-	-	-	-	903
Other agencies & service providers	1,543	-	1,543	183	82	7	66	1,125	-	16	-	54	10	1,543
Total 2003/04 (Actual)	**$ 28,454**	**$ -**	**$ 28,454**	**$ 11,804**	**$ 4,336**	**$ 437**	**$ 4,228**	**$ 2,908**	**$ 290**	**$ 914**	**$ 448**	**$ 3,079**	**$ 10**	**$ 28,454**
Total 2002/03 (Restated)	**$ 7,082**	**$ 2,000**	**$ 9,082**	**$ 2,956**	**$ -**	**$ 2,550**	**$ -**	**$ 2,772**	**$ -**	**$ 105**	**$ -**	**$ 699**	**$ 10**	**$ 9,082**

Alberta Cancer
Board

ALBERTA CANCER BOARD

FINANCIAL STATEMENTS

MARCH 31, 2004

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Statement of Financial Position

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Schedule 3 – Schedule of Deferred Contributions

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Board Members of the Alberta Cancer Board

I have audited the statement of financial position of the Alberta Cancer Board as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 21, 2004

ALBERTA CANCER BOARD

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2004

The accompanying financial statements are the responsibility of management and have been approved by the Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards, procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Board members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Alberta Cancer Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Dr. Jean-Michel Turc
President and Chief Executive Officer

Aslam Bhatti
Chief Financial Officer

ALBERTA CANCER BOARD

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2004

(thousands of dollars)

	2004 Actual	2003 Actual
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 8,489	$ 6,105
Accounts receivable	9,003	6,825
Contributions receivable from Alberta Health and Wellness	2,060	8,399
Inventories	4,508	4,527
Prepaid expenses	594	770
	24,654	26,626
Non-current cash and investments (Note 3)	33,301	29,165
Capital assets (Note 4)	134,761	134,040
TOTAL ASSETS	$ 192,716	$ 189,831
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 26,042	$ 19,114
Accrued vacation pay	4,736	4,237
Deferred contributions (Schedule 3)	14,507	15,448
	45,285	38,799
Deferred capital contributions (Note 5)	4,212	5,394
Unamortized external capital contributions (Note 6)	119,693	119,256
	169,190	163,449
Net assets		
Unrestricted Surplus	68	5,242
Internally Restricted (Note 7)	8,390	6,356
Investment in capital assets	15,068	14,784
Operating net assets	23,526	26,382
TOTAL LIABILITIES AND NET ASSETS	$ 192,716	$ 189,831

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF OPERATIONS
MARCH 31, 2004
(thousands of dollars)

	2004		2003
	Budget (Note 9)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 10)	$ 163,754	$ 166,913	$ 156,825
Other government contributions (Note 11)	1,041	661	1,005
Fees and charges (Note 12)	3,800	4,500	4,015
Ancillary operations, net (Note 13)	627	421	487
Donations	5,750	4,517	4,751
Investment and other income (Note 14)	23,536	27,751	18,043
Amortized external capital contributions (Note 6)	11,000	12,055	11,125
TOTAL REVENUE	209,508	216,818	196,271
Expenses (Schedule 1)			
Facility-based inpatient acute nursing care services	12,236	12,827	11,371
Facility-based emergency and outpatient services	59,861	58,759	49,698
Community and home-based services	21,777	21,921	18,882
Diagnostic and therapeutic services	50,056	54,249	47,856
Promotion, prevention and protection services	9,329	9,153	8,343
Research and education	24,761	24,286	20,791
Administration (Note 15)	6,616	5,812	5,218
Information technology	6,532	7,133	7,118
Support services (Note 16)	22,769	21,033	19,520
Amortization of facilities and improvements	4,291	4,495	4,202
TOTAL EXPENSES	218,228	219,668	192,999
Excess (deficiency) of revenue over expense	$ (8,720)	$ (2,850)	$ 3,272

ALBERTA CANCER BOARD
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2004
(thousands of dollars)

	2004				2003
	Operating				
	Unrestricted	Internally Restricted (Note 7)	Invested in Capital Assets	Total	Total
Excess (deficiency) of revenue over expense	$ (2,850)	$ -	$	$ (2,850)	$ 3,272
Capital assets purchased with internal funds	(1,611)	(1,746)	3,357	-	-
Amortization on internally funded capital assets	3,067		(3,067)	-	-
Transfer from external contributions	-	-	(6)	(6)	40
Net change	(1,394)	(1,746)	284	(2,856)	3,312
Transfer to internally restricted	(3,780)	3,780	-	-	-
Balance at beginning of year	5,242	6,356	14,784	26,382	23,070
Balance at end of year	$ 68	$ 8,390	$ 15,068	$ 23,526	$ 26,382

ALBERTA CANCER BOARD
STATEMENT OF CASH FLOWS
MARCH 31, 2004
(thousands of dollars)

	2004		2003
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ (8,720)	$ (2,850)	$ 3,272
Non-cash transactions:			
Amortization of capital equipment - internally funded	3,200	3,067	2,894
- externally funded	6,899	7,574	6,939
Amortization of facilities and improvements	4,291	4,671	4,379
Amortized external capital contributions (Note 6)	(11,190)	(12,245)	(11,318)
Loss on disposal of internally funded equipment			114
Write down of investments		-	1,330
Gain on sale of investments		(2,985)	-
Changes in non-cash working capital account	4,793	10,842	(7,453)
Cash generated from (used by) operations	(727)	8,074	157
Investing activities:			
Purchase of investments	(50,000)	(43,899)	(49,985)
Purchase of capital assets:			
internally funded	(3,583)	(3,357)	(2,876)
externally funded - equipment (Note 5)	(6,815)	(11,291)	(11,886)
externally funded - facility and improvements (Note 5)	(1,195)	(1,385)	(1,698)
Proceeds on sale of investments	50,000	43,141	48,677
Decrease(increase) in non-current cash	-	(393)	2,410
Cash used by investing activities	(11,593)	(17,184)	(15,358)
Financing activities:			
Capital contributions received	9,051	11,494	7,911
Cash generated from financing activities	9,051	11,494	7,911
Increase (decrease) in cash and temporary investments	(3,269)	2,384	(7,290)
Cash and temporary investments, beginning of year	6,105	6,105	13,395
Cash and temporary investments, end of year	$ 2,836	$ 8,489	$ 6,105

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2004
(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Alberta Cancer Board (the Board) was initially established in 1967 and now operates under the authority of the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000.

The Board is exempt from the payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The operations of the Board include the following facilities and sites:

Cross Cancer Institute – Edmonton
Tom Baker Cancer Centre – Calgary
Regional Cancer Clinics – Grande Prairie, Red Deer, Lethbridge and Medicine Hat
Community Cancer Centres – Camrose, Hinton, Barrhead, Bonnyville, Drumheller, High River, Peace River, Fort McMurray, Canmore, Lloydminster and Drayton Valley
Breast screening sites – Edmonton and Calgary – plus three mobile vans
Edmonton Radio-pharmaceutical Centre – Edmonton
Southern Alberta Cancer Research Centre – Calgary

These financial statements do not include assets, liabilities and operations of any voluntary or private facilities providing health services in the Province of Alberta, nor the Alberta Cancer Foundation. Information on these entities is disclosed in note 17.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 21 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements use the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the capital asset is recorded.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Restricted contributions to purchase capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Board accounts for all costs and revenue from services for which it is responsible. The fair value of costs of services is recorded. Fair value transactions comprise:

(i) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported as a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Board participates in the Public Service Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Board's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Board does not record its portion of the plans' deficit or surplus.

The Board fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at the lower of cost and market value.

Non-current investments are recorded at cost unless there is an other than temporary impairment in value. At that time, the value is reduced. Discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation pay approximate their fair values because of the short-term maturity of these items. The fair value of cash and investments is disclosed in note 3.

(f) Inventories

Inventories are valued at the lower of cost (moving cost average) or net realizable value.

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2004
(thousands of dollars)

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

The artwork collection is recorded at its fair value at the date of contribution.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Building service equipment	20 years
Parkade	30 years
Equipment excluding Information Systems (IS)	5-20 years
IS – hardware	5 years
IS – software and licenses	5 years or term

Construction projects in progress are not amortized until the project is complete.

Land and the artwork collection are not amortized.

(h) Trust funds:

The Board administers certain trust funds on behalf of third parties. As related trust assets are not owned by the Board, transactions related to the receipt and disbursement of these funds are not reflected in these financial statements but are disclosed in note 18.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates.

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2004
(thousands of dollars)

Note 3 Cash and Investments

	2004		2003	
	Cost	Fair Value	Cost	Fair Value
Cash on Deposit	$ 1,291	$ 1,291	$ 2,904	$ 2,904
CCITF - Operations	7,198	7,198	3,201	3,201
CCITF - Capital	2,059	2,059	1,666	1,666
	10,548	10,548	7,771	7,771
Money Market Securities	1,377	1,377	2,037	2,037
Fixed Income Securities:				
Canadian Federal and Provincial Government Bonds	7,058	7,219	5,444	5,492
Corporate Bonds and Debentures	8,486	8,641	5,401	5,540
Canadian Equities	14,321	15,039	10,325	9,540
United States and Foreign Equities	-	-	4,292	4,005
	31,242	32,276	27,499	26,614
Total Current and Non-Current Cash and Investments	$ 41,790	$ 42,824	$ 35,270	$ 34,385
Classifed as:				
Current	$ 8,489	$ 8,489	$ 6,105	$ 6,105
Non-Current	33,301	34,335	29,165	28,280
Total Cash and Investments	$ 41,790	$ 42,824	$ 35,270	$ 34,385

(i) The Consolidation Cash Investment Trust Fund (CCITF) of the Province of Alberta is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2004 was 3.0% (March 31, 2003 – 2.8%).

(ii) To optimize returns at an acceptable risk level, the Board has established a policy asset mix of 45% to 55% for fixed-income instruments and 45% to 55% for Canadian equities. Risk is reduced through diversification.

(iii) Fixed-income securities have an average effective yield 5.4% (2003 - 6.1%) per annum for securities maturing between 1 and 29 years. As at March 31, 2004 the securities have the following maturity structure:

Under 1 year	50%
1 to 5 years	14%
5 to 10 years	28%
Over 10 years	8%
	100%

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2004
(thousands of dollars)

Note 3 Cash and Investments (continued)

(iv) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2004	2003
Externally restricted for capital acquisitions (Note 5)	$ 4,212	$ 5,394
Internally restricted for Board's reserves (Note 7)	8,390	6,356
Unrestricted non-current investments	20,699	17,415
	$ 33,301	$ 29,165

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2004
(thousands of dollars)

Note 4 Capital Assets

	Cost				Accumulated Amortization				
Capital Asset	Opening Balance 31-Mar-03	Additions	Disposals	Closing Balance 31-Mar-04	Opening Balance 31-Mar-03	Current year amortization	Amortization on Disposals	Closing Balance 31-Mar-04	Net Book Value 31-Mar-04
Land	$ 4,556	$	$	$ 4,556	$	$	$	$	$ 4,556
Art	147			147					147
Buildings	82,898	246		83,144	33,221	2,845		36,066	47,078
Building Service Equipment	[illegible]	990		58,754	21,346	1,484		22,830	35,924
Parkade	5,507			5,507	2,476	188		2,664	2,843
Equipment Excluding IS	[illegible]	2,665	(2,120)	87,541	[illegible]	7,174	(2,112)	46,550	40,991
IS Equipment	13,126	2,194	(106)	15,214	7,344	2,176	(106)	9,414	5,800
Construction in Progress	806	1,686		2,492					2,492
Deposits on Equipment	7,474	3,449		10,923					10,923
IS Software and Licences	2,525	4,922		7,447	1,103	1,291		2,394	[illegible]
	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]	$ [illegible]

(a) Land and Buildings

Cost includes the appraised value at March 31, 1989 of the original Cross Cancer Institute land and building transferred to the Board from the Province of Alberta on that date.

In the same year, the Mewburn Veterans Centre was transferred from Alberta Infrastructure to the Alberta Cancer Board. The appraised value of the building at the time of transfer was $5,620. The Board entered into a long-term lease of the Centre to the Capital Health Authority for a nominal rent and accordingly, the building has been recorded at nominal value.

In July, 1989, the Board and the University of Alberta jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of $5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent-free until the year 2009, with two additional five-year renewal terms. The Board pays a portion of the parkade's operating costs.

Note 5 Deferred Capital Contributions

	2004	2003
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 1,865	$ 530
Restricted other government contributions	2,205	1,965
Donations restricted for capital purposes	1,803	739
Other capital contributions	7,048	5,212
	12,921	8,446
Transferred to:		
Unamortized external capital contributions (Note 6)	(12,676)	(13,584)
Operating revenue, amounts used for minor capital contributions	(1,427)	(535)
Change during the year	(1,182)	(5,673)
Balance, beginning of year	5,394	11,067
Balance, end of year	$ 4,212	$ 5,394

Balance at the end of the year is restricted for the following purposes:

	2004	2003
Equipment replacement	$ 438	$ 2,508
Betterment of capital assets	2,948	1,108
New equipment - Centre for Biological Imaging and Adaptive Radiotherapy	826	1,778
	$ 4,212	$ 5,394

Note 6 Unamortized External Capital Contributions

The Board follows the deferral method of recognizing capital contributions as described in Note 2 (a)(ii). The balance of Unamortized external capital contributions at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2004	2003
Balance, beginning of year	$ 119,256	$ 118,813
Transfers from deferred capital contributions (Note 5)	12,676	13,584
Add transfer from (to) internal equity	6	(40)
Less net book value of disposals	-	(1,783)
Less amounts recognized as revenue:		
Amortized external capital contributions: Equipment	(7,574)	(6,939)
Amortized external capital contributions: Facility & improvements	(4,481)	(4,186)
Amortization - Ancillary operations	(190)	(193)
Balance, end of year	$ 119,693	$ 119,256

Note 7 Internally Restricted Net Assets

The Board's internal reserves comprise the following:

	Capital Reserve for Equipment Replacement	Research Reserve	Edmonton Radio-pharmaceutical Centre	Total
Balance at start of year	$ 1,877	$ 4,479	$ -	$ 6,356
Capital assets purchased	(1,746)	-	-	(1,746)
Transfers from unrestricted:				
Prior year surpluses	71	-	1,799	1,870
Current year allocation	1,910	-	-	1,910
Additional funds from Alberta Health & Wellness	2,000	-	-	2,000
Research expenditures	-	(2,000)	-	(2,000)
	$ 4,112	$ 2,479	$ 1,799	$ 8,390

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2004
(thousands of dollars)

Note 8 Commitments and Contingencies

(a) Commitments:

Future minimum lease payments under operating leases relating primarily to office and warehouse space are as follows:

2005	$ 543
2006	480
2007	466
2008	331
2009	286
Thereafter	380
	$ 2,486

(b) Contingencies:

The Board is defendant in various lawsuits as of March 31, 2004. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board's Counsel is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2004.

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2004
(thousands of dollars)

Note 9 Budget

	2003/04 Approved Budget (see notes)
Revenue	
Alberta Health and Wellness contributions	$ 163,754
Other government contributions	1,041
Fees and charges	3,800
Ancillary operations, net	627
Donations	5,750
Investment and other income	23,536
Amortized external capital contributions	11,000
TOTAL REVENUE	209,508
Expenses	
Facility-based inpatient acute nursing care services	12,236
Facility-based emergency and outpatient services	59,861
Facility-based continuing care services	-
Community and home-based services	21,777
Diagnostic and therapeutic services	50,056
Promotion, prevention and protection services	9,329
Research and education	24,761
Administration	6,616
Information technology	6,532
Support services	22,769
Amortization of facilities and improvements	4,291
Capital assets write down	-
TOTAL EXPENSES	218,228
Operating excess (deficiency) of revenue over expenses	(6,220)
Research program costs paid out of internally restricted funds	(2,500)
Excess (deficiency) of revenue over expenses	$ (8,720)

(1) The Operating budget (deficit of $6,220) was approved by the Board on June 19, 2003.

(2) On March 13, 2003, the Board approved that $2,500 of the Alberta Health & Wellness one-time grant for 2002/03 be transferred to the Research Initiative Program. This was booked as revenue and transferred to the Research Reserve in 2002/03. For the 2003/04 budget, this amount was included in research expenditures and increased the operating deficit by $2,500.

(3) The budget was submitted to the Minister of Health and Wellness for approval on July 28, 2003.

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2004
(thousands of dollars)

Note 10 Alberta Health and Wellness Contributions

	2004	2003
Unrestricted contributions	$ 160,910	$ 146,628
Transfers from deferred contributions (Schedule 3)	6,003	10,197
	$ 166,913	$ 156,825

Note 11 Other Government Contributions

Alberta Government	2004	2003
Transfers from deferred contributions (Schedule 3)	$ 131	$ 34
Federal Government	530	971
	$ 661	$ 1,005

Note 12 Fees and charges

	Inpatient/Resident		Outpatient	
	2004	2003	2004	2003
Acute Care				
Out-of-province	$ 1,175	$ 1,220	$ 2,447	$ 2,138
Out-of-country base amount	-	3	50	34
Out-of-country surcharge	-	3	34	22
WCB standard charges	43	41	61	55
Federal	47	10	124	97
Uninsured drugs	8	1	511	411
Total	$ 1,273	$ 1,278	$ 3,227	$ 2,757

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2004
(thousands of dollars)

Note 13 Ancillary Operations

	2004				2003
	Non-Patient Food Services	Parking Operations	Edmonton Radiopharmaceutical Centre	Total	Total
Revenue					
Revenue	$ 1,050	$ 529	$ 3,411	$ 4,990	$ 4,558
Amortized deferred capital contributions	1	189		190	193
	1,051	718	3,411	5,180	4,751
Expenses					
Other expenses	1,074	449	3,014	4,537	4,042
Amortization	1	189	32	222	222
	1,075	638	3,046	4,759	4,264
Excess (deficiency) of revenue over expenses	$ (24)	$ 80	$ 365	$ 421	$ 487

Note 14 Investment and other income

	2004	2003
Investment income	$ 1,138	$ 1,737
Gain on sale of investments	2,985	-
Write down of investments	-	(1,330)
Restricted research and operating grants	10,997	8,144
Drug rebates and other recoveries	8,791	5,752
CHR Contribution - Bone Marrow Transplant Program	3,840	3,740
	$ 27,751	$ 18,043

Investment income comprises interest, dividends, amortization of discounts (premiums) and net gains on disposal of investments.

Note 15 Administration

	2004	2003
General Administration	$ 4,344	$ 3,835
Finance	412	485
Human Resources	1,056	898
	$ 5,812	$ 5,218

Note 16 Support services

	2004	2003
Medical physics	$ 6,709	$ 6,014
Building maintenance, operations and security	6,567	5,784
Patient representative	123	127
Education	598	587
Housekeeping	1,568	1,624
Laundry and linen	428	400
Materiels management	951	1,011
Volunteer services	420	494
Patient health records	3,669	3,479
	$ 21,033	$ 19,520

Note 17 Related Parties

(a) Province of Alberta

The Board is established under the Cancer Programs Act. The Minister of Health and Wellness appoints the members. The Board is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Board and the Province are disclosed in the Statement of Operations and in the notes to the financial statements.

(b) Health Authorities

The Board shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Board and othe Health Authorities are reported in the Statement of Operations.

(c) Alberta Cancer Foundation

The Board controls the Alberta Cancer Foundation which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Revenue Canada as a charitable foundation.

During the year, the Board received operating, research and capital grants from the Alberta Cancer Foundation totalling $6,019 (2003 - $6,042). At March 31, 2004, an amount of $128 was due from the Foundation (2003 - $181).

The Alberta Cancer Foundation is not consolidated in these statements. Audited financial statements of the Foundation are available upon request. A financial summary of the Alberta Cancer Foundation as at March 31, 2004 and 2003 and for the years then ended is as follows:

	2004	2003
Total assets	$ 44,325	$ 40,807
Total liabilities	(3,710)	(3,015)
Net assets	$ 40,615	$ 37,792
Revenue	$ 8,382	$ 8,309
Expenses	7,377	7,062
Excess of revenue over expenses	$ 1,005	$ 1,247

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2004
(thousands of dollars)

Note 17 **Related Parties (continued)**

(d) Cross Cancer Institute Volunteer Association

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association which was incorporated under the Societies Act of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion, in accordance with the Board's objectives (see note 1).

	2004	2003
Total assets	$ 333	$ 322
Total liabilities	(156)	(162)
Net assets	$ 177	$ 160
Revenue	$ 310	$ 309
Expenses	293	353
Excess (deficiency) of revenue over expenses	$ 17	$ (44)

Certain accommodation costs and a portion of salary costs incurred in the administration of the Association are borne by the Board and are included as expenditures of the Board.

Note 18 **Trust Funds**

The Board receives funds in trust from Alberta Health and Wellness and various conference sponsors. These amounts are not reported in the statements. During the year the Board received $369 and disbursed $421. The balance held by the Board is $229.

Note 19 **Pension Costs**

The Board participates in the Public Service Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Board's annual contributions payable of $3,356 for the year ended March 31, 2004 (2003 - $2,495).

At December 31, 2003, the Public Service Pension Plan reported a deficit of $596,213 (2002 - $175,528).

ALBERTA CANCER BOARD
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2004
(thousands of dollars)

Note 20 **Drug Costs**

The cost of cancer drugs is recorded as follows:

	2004	2003
Drug costs (Schedule 1)	$ 48,902	$ 40,486
Less recoveries included in investment and other income per Statement of Operations	(5,322)	(3,915)
Less billing, to patients and third parties included in fees and charges per Note 12	(1,272)	(982)
Excess of expenses over revenue	$ 42,308	$ 35,589
Drug costs as a percentage of total expenses per Schedule 1	22%	21%

Certain drugs are provided to the Board by pharmaceutical companies to run clinical trials. For those drugs where fair value exists, the value of the drugs are recorded as other income and a cost of this same amount is recorded in drugs, gases, medical and surgical supplies. Drugs under development that are provided to the Board are not recorded in the financial statements as no fair value is determinable. The fair value of drugs provided and recorded in 2004 is $2,354 (2003 - $1,600).

Note 21 **Comparative Figures**

Certain 2003 figures have been reclassified and restated to conform to the 2004 presentation.

Note 22 **Approval of Financial Statements**

These financial statements have been approved by the Board.

Schedule 1

ALBERTA CANCER BOARD
SCHEDULE OF EXPENSES BY OBJECT
MARCH 31, 2004
(thousands of dollars)

	Budget	2004	2003
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 84,090	$ 84,928	$ 74,800
Drugs (Note 20)	47,220	48,902	40,486
Gases, medical and surgical supplies	2,549	2,627	2,414
Other contracted services	26,369	27,317	25,048
Other *	47,244	45,341	40,303
Amortization:			
Capital equipment - internally funded	3,200	3,067	2,894
Capital equipment - externally funded	6,899	7,574	6,939
Facilities and improvements	4,480	4,671	4,379
	222,051	224,427	197,263
Less amounts reported in ancillary operations (Note 13)			
Amortization	222	222	222
Other expenses	3,601	4,537	4,042
	$ 218,228	$ 219,668	$ 192,999

* Significant amounts included in Other are as follows:

1.	Referred out services	$16,829
2.	Supplies	$11,852
3.	Equipment and IT maintenance	$5,439
4.	Research grants to Universities, etc.	$3,213

Schedule 2

ALBERTA CANCER BOARD
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
MARCH 31, 2004
(thousands of dollars)

	2004							2003			
					Severance[5]						
	Number of FTE's[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries Benefits Honoraria[2&3]	Severance[5]	Total
Board members:											
Chairperson:											
Gary Campbell	-	$ 35	$ -	$ 35	-	$ -	$ 35	-	$ 35	$ -	$ 35
Members:											
Jean Agrios	-	1	-	1	-	-	1	-	-	-	-
Fred Dibben	-	3	-	3	-	-	3	-	4	-	4
Gordon Ganong	-	6	-	6	-	-	6	-	4	-	4
Elizabeth Hall-Petry	-	8	-	8	-	-	8	-	7	-	7
Jack Halpin	-	11	-	11	-	-	11	-	8	-	8
Allan Hargreaves	-	6	-	6	-	-	6	-	4	-	4
Patricia Jones	-	8	-	8	-	-	8	-	6	-	6
Richard Melchin	-	4	-	4	-	-	4	-	3	-	3
Irene Nicolson	-	8	-	8	-	-	8	-	4	-	4
Mary-Lou Robertson	-	-	-	-	-	-	-	-	3	-	3
Brian Rogers	-	8	-	8	-	-	8	-	4	-	4
Bronwyn Shoush	-	5	-	5	-	-	5	-	6	-	6
Total honoraria	-	103	-	103	-	-	103	-	88	-	88
Staff											
Chief Executive Officer[4]	1	381	35	416	-	-	416	1	380	-	380
Management persons reporting to the CEO:											
VP (Operations)	0.8	159	14	173	-	-	173	1	186	-	186
VP (Research)	0.6	90	1	91	-	-	91	0.6	92	-	92
VP (Population Health Information)	1	298	30	328	-	-	328	1	301	-	301
Other management persons reporting directly to those above (avg. 2004 $61, avg. 2003 $60) (excluding severance)	218	11,689	1,635	13,324	5	69	13,393	197	11,892	-	11,892
Medical doctors not included above (avg. 2004 $245, avg. 2003 $201) (excluding severance)	18	3,912	552	4,464	-	-	4,464	18	3,698	-	3,698
Regulated nurses not included above (avg. 2004 $75, avg. 2003 $72) (excluding severance)	122	7,996	1,161	9,157	-	-	9,157	109	7,902	7	7,909
Other health technical and professionals (avg. 2004 $79, avg. 2003 $74) (excluding severance)	297	20,914	2,460	23,374	3	46	23,420	267	19,730	43	19,773
Other staff (avg. 2004 $51, avg. 2003 $52) (excluding severance)	651	28,982	4,343	33,325	3	58	33,383	582	30,481	-	30,481
Total	1,309	$ 74,524	$ 10,231	$ 84,755	11	$ 173	$ 84,928	1,177	$ 74,750	$ 50	$ 74,800

Schedule 2 (continued)

ALBERTA CANCER BOARD
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
MARCH 31, 2004

1. Full time equivalent (FTE) is determined at the rate of 2,022.75 annual hours for each full-time employee. Total actual discrete number of individuals employed: 1,723 (2003 – 1,600).

2. Salaries include regular base pay, overtime, lump sum payments, shift differential, honoraria, sick leave, short-term disability, earned vacation leave and other remuneration.

3. Benefits and allowances include employer contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

4. The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances. His salary at March 31, 2004 includes accrued vacation pay of $17.

5. Severance includes amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

ALBERTA CANCER BOARD
SCHEDULE OF DEFERRED CONTRIBUTIONS
MARCH 31, 2004
(thousands of dollars)

		Amounts received or receivable					Amounts recognized as revenue					Schedule 3
	March 31, 2003	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	Alberta Health and Wellness	Other government contributions	Foundations	Donors	Investments and other	March 31, 2004
Alberta Health and Wellness:												
Reseach Initiative program	$ 674	$ 2,800	$ -	$ -	$ -	$ -	$ 2,698	$ -	$ -	$ -	$ -	$ 776
New Initiatives program	758	-	-	-	-	1,603	758	-	-	-	1,603	-
AFP Development & Financial review	-	200	-	-	-	-	66	-	-	-	-	134
Information Security Compliance	145	-	-	-	-	-	41	-	-	-	-	104
System Transitions	254	-	-	-	-	-	65	-	-	-	-	189
Telehealth Funding	83	200	-	-	46	-	101	-	-	46	-	182
Palliative care-TBCC	16	-	-	-	-	-	16	-	-	-	-	-
Gleevec drug	653	-	-	-	-	-	653	-	-	-	-	-
Breast Cancer Screening- Social marketing	218	-	-	-	-	-	13	-	-	-	-	205
Cervical Screening	66	1,695	-	-	-	78	1,307	-	-	-	78	454
Locums	500	-	-	-	-	-	285	-	-	-	-	215
Cancer genetics	78	-	-	-	-	-	-	-	-	-	-	78
Aboriginal Cancer Awareness	-	50	-	-	-	-	-	-	-	-	-	50
Subtotal	3,445	4,945	-	-	46	1,681	6,003	-	-	46	1,681	2,387
Other contributors:												
Restricted - Alberta Cancer Foundation	2,131	-	-	3,949	-	267	-	-	4,281	-	267	1,799
Restricted - AADAC	20	-	141	-	-	-	-	131	-	-	-	30
Federal government Pallium project	-	-	530	-	-	-	-	530	-	-	-	-
Research grants from funding agencies	2,791	-	-	-	-	4,003	-	-	-	-	3,415	3,379
Clinical Trials sponsored by pharmaceuticals	5,462	-	-	-	175	6,942	-	-	-	175	7,125	5,279
Other restricted grants	1,599	-	-	-	-	865	-	-	-	-	831	1,633
Total 2003/04	**$ 15,448**	**$ 4,945**	**$ 671**	**$ 3,949**	**$ 221**	**$ 13,758**	**$ 6,003**	**$ 661**	**$ 4,281**	**$ 221**	**$ 13,319**	**$ 14,507**

Unspent amounts at year end are as follows:	2004	2003
Current	$ 14,507	$ 15,448
Non-current	-	-
Total	$ 14,507	$ 15,448

Alphabetical List of Government Entities' Financial Statements in Ministry 2003/2004 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation[1]	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Dairy Control Board[2]	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	

[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003.

[2] Dissolved August 1, 2003.

Ministry, Department, Fund or Agency	**Ministry Annual Report**
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta[1]	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Ministry, Department, Fund or Agency	Ministry Annual Report
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[2]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[2]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[2]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[2]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[2]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[2]	Human Resources and Employment
Ministry of Infrastructure[2]	Infrastructure
Ministry of Innovation and Science	Innovation and Science

[1] The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003.

[2] Ministry includes only the department so separate department financial statements are not necessary.

Ministry, Department, Fund or Agency	**Ministry Annual Report**
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Boards:	Community Development
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation	Community Development

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[1] Ministry includes only the department so separate department financial statements are not necessary.

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment